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Packaging gains weight as e-commerce cos are betting big on brand, aesthetic value

By Vasumita S Adarsh | 20 December 2014, 9:56 AM IST

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PUNE: With the ecommerce boom getting bigger in India, packaging has started playing a greater role as companies are not just battling on the price front, but on brand and aesthetic value as well. From giants such as Flipkart, Amazon and FirstCry to more niche sites such as Giftease, Pretty Secrets and LimeRoad, ecommerce companies have started innovating with packaging.

"All our packaging is taken care of by a combination of in-house packaging teams along with third-party packaging services. Quick and easy packaging also helps us to increase the turnaround time which results in operational efficiencies," said Ankit Nagori, senior vice president, marketplaces, at Flipkart. "There are various packaging innovations in pipeline which will focus on converting the packaging into a usable product once customer has received and opened the package." FirstCry, which is into online and offline baby care products, has used algorithms to innovate with 25 different pre-configured standardised corrugated packaging boxes to cater to various sizes and weights. "We may cater to anything from a small toy to a heavy baby stroller or car seat. We innovated inhouse with sizes and designs, before outsourcing the manufacturing," said Supam Maheshwari, chief executive of FirstCry.

"Since we cater to new mothers, there is a higher sensitivity to packaging from both safety and hygiene point of view." Ecommerce companies are also looking to hire more packaging staff for their inhouse design teams. "We continuously focus at hiring and engaging with packaging professionals, who can take our packaging standards to the next level," said Nagori of Flipkart. FirstCry provides week-long training for packaging staff to keep consumer sensitivity in mind.

The Indian Institute of Packaging (IIP), an autonomous institute under the Ministry of Commerce, has been training students in packaging, and 200 students graduate from IIP's five branches every year. The institute, which has so far been experiencing hiring from FMCG and pharma companies, is now seeing increased recruitments by ecommerce companies. "The applications for the 2014 batch of the programme saw a 10% increase, as science graduates are realising that they can join the booming ecommerce industry with a packaging degree. Flipkart has so far hired five of our students and we have enquiries from other ecommerce companies for the placement season," said NC Saha, IIP's director.

The Indian ecommerce market is growing at 38% and is set to reach \$100 billion in annual sales in the next five years, according to analysts.

The industry currently employs about 25,000 people in e-retailing warehousing and logistics, including packaging and delivery as per a Pricewaterhouse Coopers report dated August 2014. The report also estimates that demand for packaging staff would triple by 2017, with an additional demand of close to 75,000 people in packaging and delivery functions in the ecommerce space.

Smaller ecommerce companies too are giving importance to packaging to lead in aesthetics. "Packaging can be a great branding tool when used well. As a result, LimeRoad innovated on packaging by using colour effectively on very lightweight packaging. The colour reflects the lime in our brand, and is instantaneously recognisable, while meeting safety and quality packaging requirements," said Suchi Mukherjee, founder and CEO of online apparel portal LimeRoad. Online gifting portal Giftease has been innovating on packaging to make it a key differentiator for its products. "Regular ecommerce portals are waging price wars with each other, which makes it difficult to add to packaging cost. Since we are a niche site, and packaging attractively is an integral part of gifting, we are continuously innovating in this area with multi-coloured boxes, different types of wrappings, personalised messages on the packaging, gift boxes that can be used as a multipurpose box, etc." said Ashish Chandani, co-founder and chief operating officer. "We are seeing a demand for innovating packaging from other ecommerce companies too, so we are working to cater to customers and competitors by next year."

Small and medium-scale packaging companies are in turn riding the wave, with companies such as Dynaflex, Packman Solutions and Securement Packaging diversifying to cater to ecommerce companies.

These companies are looking at a rising revenue share from the ecommerce industry.

Securement Packaging, which started in 2012, has been focusing around 80% of its packaging supplies towards ecommerce and counts Amazon, Flipkart and Fashionara among clients. "Every ecommerce company wants packaging that will prevent damage, breakage and theft of its products, between the warehouse and the last mile customer. Along with this, aesthetics too is playing an important role in packaging. While big companies design in-house and outsource manufacturing, smaller startups outsource both designing and manufacturing to us with requirements," said Vaibhav Sheth, founder of Ahmadabad-based Securement Packaging. Sheth is looking to focus 95% of his packaging sales towards ecommerce, as he predicts increased demand from this industry in the coming years.

Packman Packaging, that has been supplying to ecommerce companies for 10 years now, has seen an explosion of demand in the past four years. "When we initially focused on ecommerce, companies like Flipkart used to have a demand of 100 shipments a month. Now major ecommerce companies have demand of 10 lakh shipments a month and the demand is rising by 200% every year," said Director Gaurav Janan.

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