



Durable Device and Consumable Systems: Game Changers for Consumer Packaged Goods

Building Brand Loyalty and Customer Engagement Where it Matters Most

All consumer packaged goods (CPG) brands in today's omnichannel, e-commerce and post-pandemic world face a singular challenge: sustaining connections with their customers. After all, traditional approaches for gaining brand loyalty via store-shelf and advertising influence, which were declining before COVID-19, are continuing to become less relevant.

With the advent of more and more omnichannel penetration, longstanding brand leaders risk losing valuable market share to upstarts that can move quickly into markets based on trends and changing consumer preferences. According to McKinsey & Co., COVID-19 has reshaped many of the megatrends impacting the \$900 billion dollar packaging industry. During the pandemic, for example, 76% of U.S. consumers have switched stores, brands or the way they shop, with convenience and better value being the primary drivers.¹



Brand disintermediation is a big problem right now. The omnichannel model, spurred on by Amazon, is gaining rapid traction and shopping during the pandemic has accelerated the whole process.

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Consumer buying surveys across multiple channels support these trends:

- The Wharton Baker WisePlum Consumer Loyalty Study noted a 37% jump in consumer online shopping during the pandemic.²
- Grocery e-commerce penetration, estimated at only 4% in 2019, is expected to grow to 22% by 2024, while sales at physical stores will decline over that period, according to investment bank UBS in a recent article in Winsight Grocery Business.³
- Capgemini Research Institute found that consumer preferences are strongly impacted by sustainability, with 53% of consumers reporting a switch to lesser known brands because they were sustainable.⁴

Clearly, consumer adoption of online shopping and growing interest in sustainability create both opportunities and challenges for CPG companies. Going green, whether it is using recycled, non-toxic materials or minimizing the amount of packaging, pays dividends with today's eco-minded shoppers. "Consumers are becoming more vocal about what they want—and don't want—product packaging to consist of," explained Kay Stanish, Senior Director, Strategy, Platforms & New Markets for Jabil Packaging Solutions. "Of course, all packaging has to live up to performance expectations when it comes to reliability and quality."

A Changed Environment

McKinsey & Co. notes that 40% of U.S. consumers report reduced spending in general, with this reduction expected to impact non-essential items specifically.⁵ Economic recovery likely won't cause consumers to resume their previous shopping routines. So, what can CPGs do to build brand loyalty in the face of these new consumption realities?

A strong durable and consumable strategy—with a view toward sustainability and consumer convenience—is a real game changer. "This extensible business model directly connects CPGs to their customers, creating opportunities for mutually beneficial relationships," added Stanish. "The biggest challenge for CPGs is thinking beyond their special formulations to focus on new ways to package and deliver their products to attract—and keep—customers."

Packaging, historically an afterthought by CPG companies, must become front and center. Additionally, special attention should be directed at delivery systems that leverage the convenience of sustainable refills and thoughtful packaging. Done right, such a strategy can build brand loyalty and customer retention where it most matters: at the point of use. After all, the connection point in the home usurps everything else and is crucial to improving the customer experience.

“CPGs eager to reconnect their brand to consumers need to contemplate more and more models that keep their brand sales with a person longer,” said Jabil’s Stodola. “The best approach links the value proposition of the dispensing device with a consumable that generates a recurring revenue stream while strengthening the customer-brand connection.”

The Power of Sustainable Packaging

For today’s consumers, the emphasis on product innovation increasingly is aligned with sustainability goals. In the durable device and consumable segment, improved dispensing experiences and greater sustainability benefits everyone—and most of all, the environment. It’s also a driving force for CPGs to deliver more sustainable packaging.

“Sustainability has caused us to think differently because our CPG customers and their consumers want to reduce the amount of packaging,” said Jeff Minnette, Senior Director, Technology and Strategic Development for Jabil Packaging Solutions. “The device/consumable combination lets us decrease packaging while still maintaining functionality and enhancing delivery performance.”

Durable dispensing systems are designed to last for many uses while consumable refills are designed for easy use and environmentally friendly disposal. Aligning these two objectives, however, can present some daunting challenges. For example, the popularity of single-serve coffee makers revolutionized coffee-making convenience, but caused a surge of empty, disposable coffee pods filling landfills. This spurred a years-long quest to create more sustainable coffee pods. Thanks to major advancements in materials science and innovations in packaging, recyclable, biodegradable and compostable coffee pods now are available.

A recent *Packaging Digest* article noted that the pandemic has made people even more conscious of the waste produced at home, yet industry solutions don’t always factor in the user experience. As an example, the article pointed to how large liquid-soap refill bottles save plastic and pump mechanisms, but they also can be bulky, heavy and messy to refill. Customers expect “product convenience and packaging they feel good about; making a product smaller isn’t enough.”⁶

Ecologic Brands™, a pioneer in paper bottle and paper-based packaging, now part of Jabil Packaging Solutions, understands the power of packaging for sustainability. Major CPG brands, including L’Oréal and Seventh Generation, rely on Ecologic’s eco.bottle® to significantly reduce plastic packaging and advance their sustainability goals.⁷

“Ecologic has been a great partner over the past decade in helping us reimagine the laundry bottle,” said Joey Bergstein, CEO of Seventh Generation. “The world needs solutions at scale that reduce plastic waste and improve circularity.”



This type of effort also can lead to greater brand stickiness. For example, L'Oréal and Ecologic jointly incubated the world's first shower-safe paper bottle for the Seed Phytonutrients project. Now, the world's largest cosmetics company and Ecologic are bringing their innovative packaging solution to L'Oréal's Matrix and Redken brands.

Getting There: The Building Blocks

Developing and delivering an integrated device and consumable system requires a holistic approach that encompasses multiple steps with special engineering and manufacturing expertise. "CPGs are great at making formulations, fragrances, deodorants, compounds and food products," Stodola noted. "They don't want to develop and design a device and refill system."

It's a complex proposition with myriad challenges, which is why innovative brand leaders increasingly are partnering with manufacturing solutions providers that are capable of guiding end-to-end design, development and delivery milestones. "It used to be that the package was the delivery system," recalled Jabil's Minnette. "Using devices, the package must maintain its integrity to the point where it gets loaded into the delivery device, which provides a lot more options from the universe of packaging materials and less complexity."

Whether plastic, paper or metal, there are a lot of questions that carry over from the device to the consumable. Do you need rigid or flexible plastic? Would molded paper work? Should the consumable be a collapsible bag? What's the best way to optimize for end-of-life?

Consumers want fewer, faster delivery steps. CPG brands want the ability to create a proprietary refill system that ensures ease of use while preventing someone else from simply supplying the refills and disrupting that critical customer connection.

As a result, device-consumable product development must be tackled systematically and in parallel workstreams, following proven processes and best practices. The following key building blocks offer a high-level overview for getting a durable and consumable product from idea to market reality, while sharing insights on what every CPG should know along the way.

Ideate and Prove Concepts Early

“It all starts with an idea,” said Mike Answeeney, Senior Director of Engineering, Devices for Jabil Packaging Solutions. “From there, sketches and concept exploration follow quickly.” Innovation sprints, informed by market intelligence, customer research and anecdotal evidence, should encourage an unconstrained flow of possibilities. Creative brainstorming, concepts cobbled together using duct tape and superglue or animation illustrating how a device could interact with a consumer all can play important roles in proving out the concept.

“We want to fail fast—let’s understand our personas, define the value we want to derive from the data and prove that the business model makes sense,” Answeeney added. “If we think it’s actually going to work, create a prototype, instead of spending a huge amount of time perfecting a design that is untested.” Regardless of whether the hardware connects wirelessly over Bluetooth or Wi-Fi, or stays unconnected, it remains an iterative process and close collaboration is required.

Another important best practice is developing the durable and consumables or refills in parallel because building brand loyalty requires erecting barriers that exclude other companies from eroding repeat business. According to Jabil’s Minnette, embedding unique functionality can enable CPG companies to maintain those critical customer connections. “CPG companies always want to create a proprietary refill system using unique mechanic or electromechanical connections, systems, lock-and-load cartridges or an electronic key to enable operation,” he explained. “Even embedding something into the refill itself to trigger operation is an option for ensuring some competing brands can’t capture the CPG’s valued customers.”

Equally important is applying sufficient focus on the formulations, concentrations and converting processes that may be required for the product.



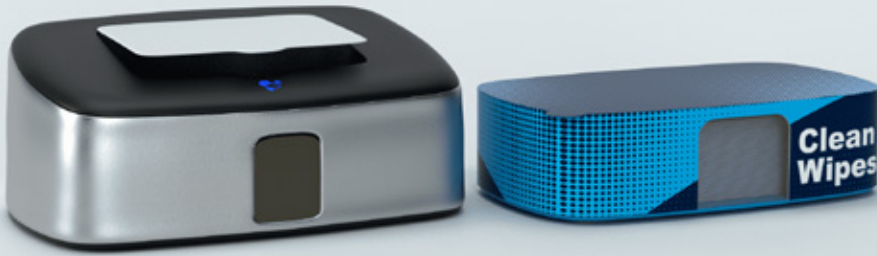
Determining which design and blend of packaging materials will meet the needs of that specific formulation is a major challenge. The ability to optimize materials for a particular application requires expertise in different materials, polymers, chemistry and, of course, packaging. Jabil is uniquely capable of providing a ‘one-stop-shop’ for the primary package, refillable device and digital connectivity.

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Build for Scalability

Scaling manufacturing to produce durable devices, along with billions and billions of refills, requires investment in high-output, automated manufacturing solutions. There’s a lot of time and resources invested in verifying product designs, engineering plans and manufacturability to ensure production can scale rapidly and deliver final products at the lowest landed cost.



“We can bring complete, certified device platforms to CPG companies that can be customized easily to accelerate production and reduce costs,” said Answeeney. “We’re thinking about manufacturability and supply chain from start to finish.”

In fact, the opportunity to leverage reference designs for device and consumable systems—ranging from something very basic to an extremely complex, cloud-connected solution—can save CPGs years of development time and millions of dollars in production costs. Another critical piece of this total equation is the ability to tap into a global supply chain for efficient procurement and orchestration of all components and electronics needed to create compelling durable device and consumable solutions. There is a seemingly endless list of questions and decisions along the path to improving the customer experience. Having access to a global manufacturing footprint is yet one more critical success factor that offers CPGs a faster, more efficient path to market. There’s a big advantage to an end-to-end approach that takes everything into account—from designs and materials selection to acquisition of electrical components and assembling final parts into integrated solutions.

The Next Wave of CPG Brand Differentiation

Once a durable and consumable platform is developed that CPGs and end-consumers want, it is time to explore new ways to customize and extend that platform in the home to attract and sustain greater brand loyalty. Amazon’s Dash Button success shows consumers’ desire for home-based one-click reordering. As of 2017, consumers placed four orders per minute via the Dash Button. Brands such as Peet’s, Folgers, Pepperidge Farms and Ziploc now attribute more than 50% of their Amazon sales to the Dash Button. In addition, people with the Cottonelle Dash Button went from spending 43% of their bath tissue dollars with the brand to over 86%.⁸

Clearly, the ultimate end game is connectivity and sensor-driven auto-replenishment that provides real-time data analytics. This will require new business models, upgraded packaging designs and internal skillsets as well as manufacturing solutions. The Internet of Things (IoT) already has accelerated this trend, as evident by the emergence of smart appliances in the home.

“There’s going to be more and more smart homes with automation and multiple devices,” Jabil’s Stanish predicted. “The next evolution will be a hub system where one hub manages all your food and another hub manages all your home care. You already see this with lighting in your home being controlled from an app on your mobile phone. You are going to see that kind of convergence in the next 10 years.”



Jabil believes building for a sustainable future will become more important to consumers well beyond the current pandemic and recovery. It starts with an eco-friendly, durable dispensing device designed to last, which will enable consumable refills to be optimized for sustainability. Brands can choose to optimize the consumable in the way that meets their specific sustainability goals—whether they involve reducing the carbon footprint, enhancing recyclability or cutting down the amount of plastic going into landfills or oceans.

As CPG brands look to navigate a changing consumer marketplace, they can achieve brand success in the durable and consumable space by engaging early with platform providers that have the right depth of experience while committing to innovate together. It begins with meeting consumers where they are—at home—and offering more than just convenience, but an authentic connection and experience that drives lasting brand loyalty.

“The intimate connection from a brand to a person who commits to having that device in their home is what it’s all about,” concluded Stodola. “No company brings Jabil’s depth of capability to listen to a brand. Think about how a consumer would like to receive products from that brand, then build a solution that incorporates both a dispensing device and a consumable.”

Jabil Packaging Solutions: Accelerating Innovation

In today’s competitive and fast-evolving CPG market, some of the most successful consumer brands turn to Jabil Packaging Solutions to help bring their device and refill solutions to market—leveraging proven platforms, supply chain intelligence and a global manufacturing footprint.

We combine 50-plus years of device design and packaging expertise with the ability to support both ends of the device and consumable value proposition. With all the building-block capabilities under one roof, Jabil covers every aspect of an end-to-end durable device and consumable solution, from ideation to delivery, and ultimately provides a bridge to connected solutions that will deliver the ultimate consumer experience. Learn more at [Jabil Packaging Solutions](#).

¹ McKinsey & Co. Survey: US Consumer Sentiment during the Coronavirus Crisis, Dec. 8, 2020.

² Patel, D. Wharton Releases New Retail Study on Customer Loyalty, Penn Today, Aug. 28, 2020.

³ Springer, J. New Data Pegs Online Grocery Penetration Soaring Past 20%, Winsight Grocery Business, Dec. 22, 2020.

⁴ Capgemini Research Institute, Consumer Products and Retail: How Sustainability is Fundamentally Changing Consumer Preferences, July 8, 2020.

⁵ McKinsey & Co. Survey: US Consumer Sentiment during the Coronavirus Crisis, Dec. 8, 2020.

⁶ JParadise, C. Leveraging Psychology to Design Refill Packages That Inspire Loyalty, Packaging Digest, Oct. 8, 2020.

⁷ Jabil, Press Release: Jabil Bolsters Sustainable Packaging Capabilities with Acquisition of Ecologic Brands, Jan. 14, 2021.

⁸ Rao, L. Two Years After Launching, Amazon Dash Shows Promise, Fortune, April 25, 2017.

