



By Brian Stepowany

COVID-19 Might Forever Change the Service Provider/End-User Relationship

Through the years, I have seen a variety of events and situations cause changes in the packaging industry. One that caused a change for me was a weather-related event that destroyed the supply chain of the company I was working for at the time. This event caused my former employer to change its manufacturing and procurement practices to ensure we could continue to supply our customers when a plant had been put out of service for an extended period.

And now, the COVID-19 pandemic has caused changes in the packaging industry. Let's look at four potential changes in the service provider/end-user relationship. There are many aspects to how the COVID-19 pandemic has affected the current supply chain, and its effects will also modify how we look at business models moving forward.

1. Secondary sourcing will become critical. The first idea that pops into my mind when thinking of COVID-19 is the number of people affected. For some companies within the supply chain, the number of workers has been depleted and output has been decreased. This, in turn, affects supply chains as well as the timelines on all aspects of your business. Similar to my previous experience with the natural disaster, secondary sourcing becomes critical, so you need to have another source either within one company or a separate secondary source. What's the saying, "Don't put all your eggs in one basket?"

From this COVID-19 learning experience regarding single sourcing and its risks, companies might not put all their eggs in one internal manufacturing basket, and perhaps in the future companies will be open to dual sourcing for redundancy and business continuity. This dual sourcing capability also will lend itself to flex capacity to address temporary surges in demand or a seasonal product.

2. Speed-to-market will prioritize larger production runs. Another aspect that companies might consider would be to move production of smaller volume or new products externally to allow internal manufacturing to focus on larger production runs. With the everchanging marketplace and the growth of e-commerce, speed-to-market is still a major point to all companies. This opens the door to service provider companies that can provide innovation and efficiency with speed-to-market capabilities that are not available internally. The

use of digital packaging and personalization offers service-provider companies an opening to fulfillment, as major companies' manufacturing is usually geared to larger volume and longer production runs.

3. Attention to the "unboxing experience" will drive opportunities. As I am involved with e-commerce organizations, I was surprised at the amount of attention and development that goes into providing customers with a positive opening experience with their e-commerce product's packaging. The amount of traffic that a social media influencer can drive through positive reviews is

amazing and a lot of that has to do with the opening experience the consumer gets when opening the e-commerce package. This type of value-added service is a driving point for companies that are working to increase their e-commerce business and reputation. This is a growing opportunity for service-provider companies that can provide low-cost, quick packaging changes. Options include repacking multiple varieties of products into bundles and personalized packaging that companies do not want to be burdened with internally.

4. Service providers will thrive running new packaging innovations.

Another point that I want to discuss that has potentially changed the service

provider to end user relationship from COVID-19 relates to innovation, productivity, and robotics. As companies are concentrating on fulfilling orders on current products on their existing manufacturing lines, they may not have the line time or manpower to validate innovative new packaging and products or packaging or productivity initiatives. End-user companies are going to go to service providers to run new innovative packaging/products until they are justified to bring them in-house. As many end users' production lines are at capacity, having down time to validate new packaging/products might not be a feasible alternative.

The COVID-19 pandemic has been a horrific occurrence from a human and macroeconomic perspective, and it will continue to be in our minds for the near future. However, our service provider companies can ease the packaging industry's manufacturing limitations by assisting and broadening their relationship with end-users through the points I have mentioned. **PW**

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