

# Peace of mind for packaging industry

*Accounting for \$1.3 trillion of the \$22 trillion global retail market, e-commerce really is booming, and its growth shows no sign of slowing down as more and more brands and categories migrate to the digital space. These include producers of food and beverage products, with the Food Marketing Institute and Nielsen predicting that by 2025, 20% of grocery shopping will take place online. But packaging that's suited to a brick-and-mortar retail environment might not be the best fit for online selling or an extended supply chain. Intertek, the world's leading quality assurance company, supports the packaging industry in meeting the needs of the e-commerce industry and consumers worldwide. The company recently opened a new packaging performance testing facility at its Grand Rapids, Michigan laboratory. The facility, which is the first Intertek packaging lab in North America to be accredited by the International Safe Transit Association (ISTA), provides end-to-end evaluation of product packages, from design to material assessment and sustainability, as Intertek's Brian Kneibel explains. "As many as 10 percent of packages arrive to consumers damaged. We want to help our customers ensure the integrity of their packaging to meet consumer demand for quality products in this growing landscape of e-commerce."*

Intertek has a history dating back all the way to 1885. The company has been focused on testing and quality assurance from the start and today is a global leader in this space, operating a network of more than 1,000 laboratories and offices and over 43,000 people in more than 100 countries.

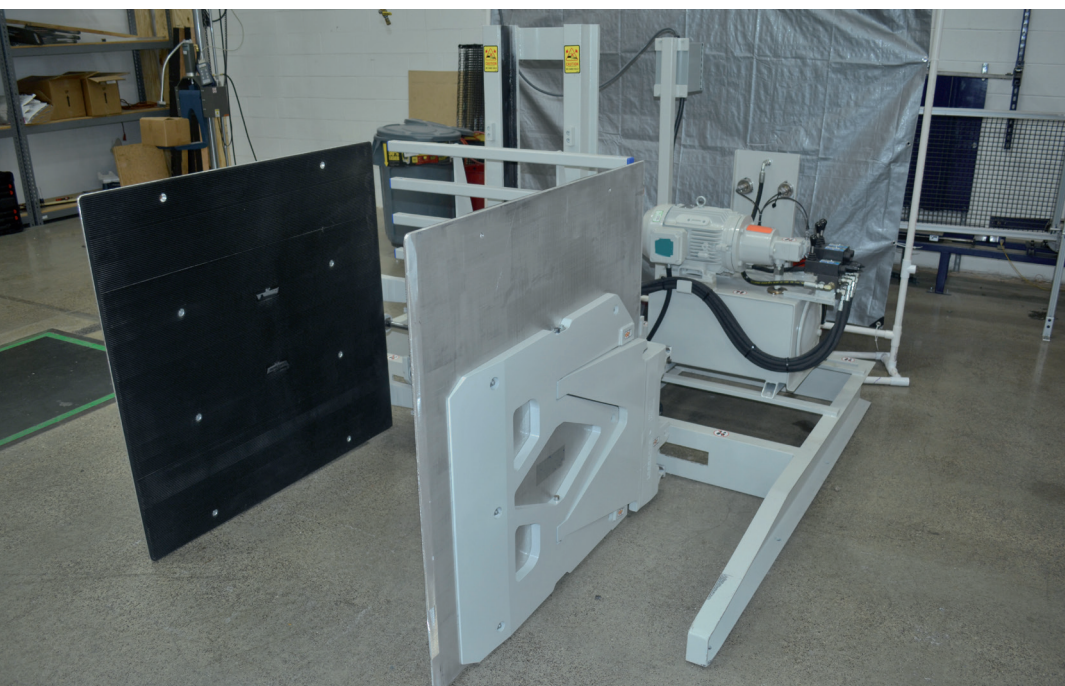
What makes Intertek unique, in Mr. Kneibel's view, is that they go beyond testing, inspecting and certifying products. "We provide a systemic approach to supporting our customers' Quality Assurance efforts in each of the areas of their operations including R&D, raw materials sourcing, components suppliers, manufacturing,

transportation, distribution and retail channels and consumer management."

Mr. Kneibel has been with the company for seven years and currently serves as General Manager of Furnishings, overseeing the packaging and sustainability programs. He emphasises that Intertek's story has always been about innovation: "As we strive to be the world's most trusted partner for Total Quality Assurance, we are dedicated to providing customers with the services and solutions they need in their evolving industries."

One recent development that illustrates this commitment is the launch of Intertek Sustainability, which is focused on helping customers to develop sustainability strategies. The Sustainability offering was revealed at the Vancouver Sustainable Brands conference in June 2018. According to the firm, the solutions offered as part of Intertek Sustainability will range from addressing immediate environmental, social and ethical compliance, to the development of long-term strategic initiatives. It is hoped the service will enable organisations to identify, anticipate, navigate, validate and achieve their sustainability goals.

"As companies face challenges driven by stakeholder demand and growing complexities in end-to-end sourcing, manufacturing and distribution, they need a partner who can deliver sustainability services as they develop and manufacture products," Mr. Kneibel adds. "Similarly, many retailers and manufacturers are growing their e-commerce platforms to meet consumer demands, and that requires





ensuring the integrity of their packaging, so we are opening this new packaging facility in the U.S.”

It's no secret that e-commerce has expanded rapidly in recent years, with sales growing particularly fast in the United States. But it's also no secret that e-commerce differs from traditional retail outlets, with more touchpoints involved before a product reaches a customer. Food purchased online, for example, adds complexity to the traditional supply chain by increasing the resources necessary to deliver products to consumers, including packaging materials and product handlers. There are also fulfillment centers, transport providers, and sortation centers which can end up adding five times more touch points than traditional retail stores. This complex supply chain creates difficulties for suppliers as compared to a traditional brick and mortar stores. With so many increased touchpoints along the delivery route as well as the potential for return shipping, there is a much larger potential for product

tampering or damage. Brands need to be confident that their products are contained in packaging that's break-proof and shatterproof, and able to withstand being dropped or roughly handled, while they also need to consider transportation weight and costs all while providing a premium appearance. Safeguarding product integrity is another major issue: not only does the packaging need to keep the product fresh by keeping out excess air and moisture, but it also needs to reach the consumer in a consumer expected condition, which means free of damage and intact (to name just a few requirements).

To further complicate e-commerce from a packaging perspective, the increased use of packaging materials in e-commerce from secondary and tertiary packaging make reduction of waste and sustainability particularly important topics. Companies are starting to move toward smaller, lighter layers requiring less material. Additionally, consumer preference toward sustainably packaged products

is driving a continued focus on packaging optimization.

“In today's global marketplace there is logistical challenges with each step of the supply chain from raw material, parts, to finished products,” Mr. Kneibel adds. “Every step requires another level of complexity and handling of the product. Through Intertek's Total Quality Assurance we can help ensure that the product arrives intact and meets the material/performance specifications ensuring a finished product that arrives to the designated consumer un-damaged and meets/exceeds an organizations brand promise.”

To help the packaging industry navigate their increasingly complex market and supply chain ecosystem, Intertek provides worldwide services to them, including strategic, regulatory and environmental compliance consulting, as well as world leading packaging, analytical and distribution testing. The new packaging performance testing facility, housed at

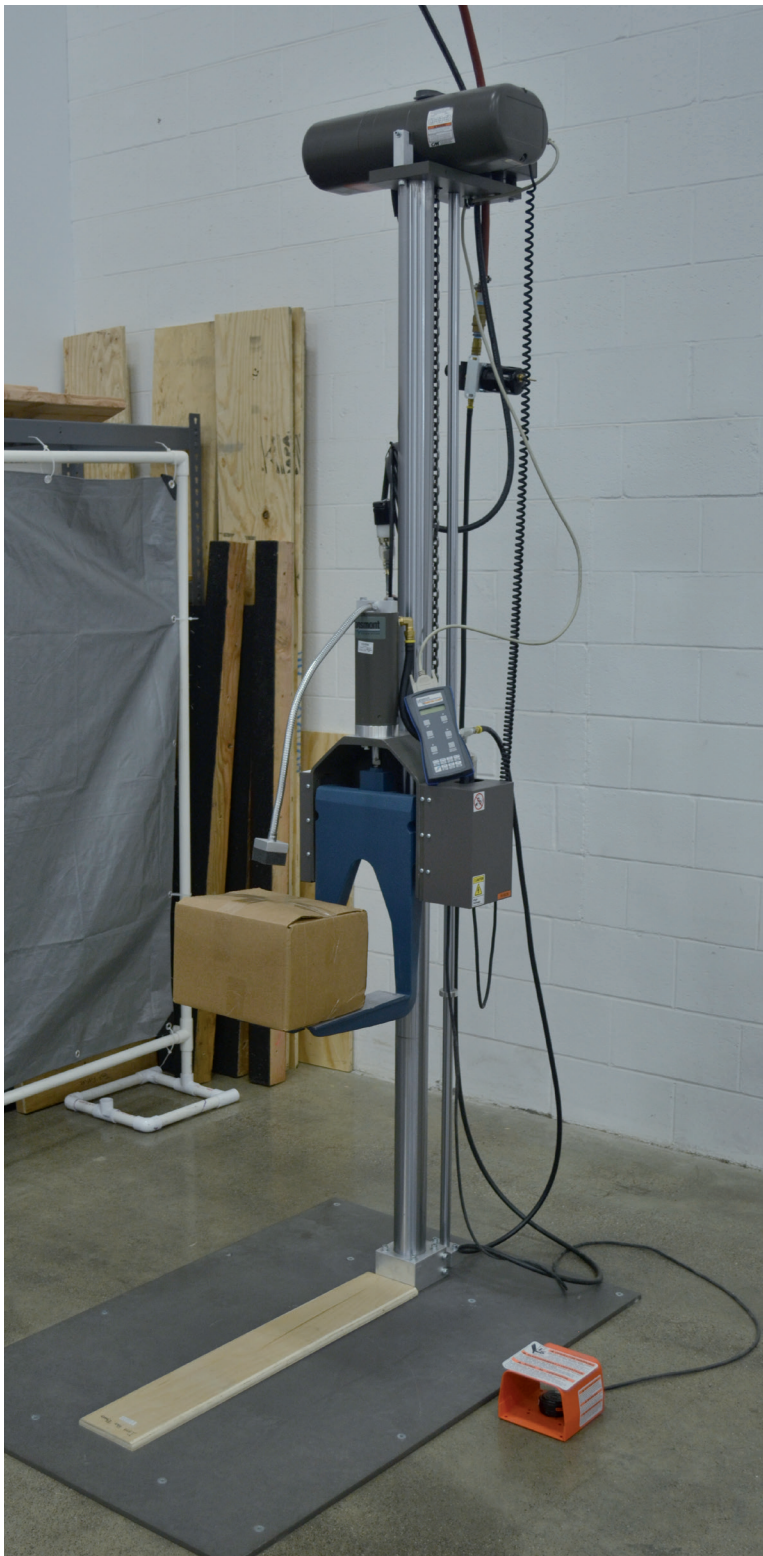


Intertek's Grand Rapids, Michigan laboratory, part of their global labs network which spans more than 100 countries. Fifteen labs in that network, including the new facility in Grand Rapids, are accredited by the International Safe Transit Association (ISTA) for their packaging performance testing services. The Grand Rapids facility is their first ISTA-certified lab in the U.S and will be largely servicing manufacturers and retailers in the United States and Canada.

"At Grand Rapids, we provide services to help evaluate multiple aspects of packaging from initial design to materials assessments and tests on the durability and sustainability of the packaging," Mr. Kneibel explains. "With the packaging facility, we are looking to provide an innovative solution to manufacturers and retailers who are looking to expand their e-commerce business, so it is largely for the consumer goods industries who need a trusted partner

to help ensure their packaging meets consumer demand for quality. These new services help us in our mission to provide innovative and bespoke Assurance, Testing, Inspection and Certification services for our customers' operations and supply chain. It will provide our customers in the U.S. and Canada services for packaging that are more local to them, which helps them get their packaged products to market faster."

Although the United States has no all-encompassing federal legislation regulating the packaging industry, the federal government has asserted its authority to regulate food, drug, and cosmetic packaging to preserve consumer safety and confidence. There have also been a number of regulatory programs introduced by states or local jurisdictions to reduce the use and disposal of certain packaging materials and mandate minimum recycling requirements. "Going green" as a movement has been mainstreamed across North America, and environmental and public health concerns are expected to continue to necessitate changes to state and federal laws that will undoubtedly impact how manufacturers package their products. Manufacturers based in the U.S. must also comply with strict international packaging laws, of course, and this is where Intertek, with its global network of labs and packaging experts, is well positioned to offer advice and support.



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