

Revamped Bubble Wrap Loses Its Pop

Bubble Wrap maker Sealed Air is rolling out a flat version of the packing material to cut down on the cost of shipping air

Sealed Air Corp. has revamped its iconic Bubble Wrap. The new product dubbed iBubble Wrap looks like the traditional packaging material but there's one catch: it doesn't pop.

By

Loretta Chao – The Wall Street Journal

July 1, 2015 7:52 p.m. ET

Bubble Wrap, the packaging material popular with shippers and toddlers alike, is losing its pop.

Sealed Air Corp., the original seller of Bubble Wrap since 1960, is rolling out a revamped version of its signature product. Dubbed iBubble Wrap, the new packaging is sold in flat plastic sheets that the shipper fills with air using a custom-made pump. The inflated bubbles look much like traditional Bubble Wrap, with one key difference: They don't burst when pressure is applied.

Charlotte N.C.-based Sealed Air is betting iBubble Wrap will appeal to space-conscious online retailers who are driving swift growth in the global packaging business, even as fans are disappointed by the lack of pop. Traditional Bubble Wrap ships in giant, pre-inflated rolls, taking up precious room in delivery trucks and on customers' warehouse floors. One roll of the new iBubble Wrap uses roughly one-fiftieth as much space before it's inflated.

Though an afterthought for consumers, protective packaging is big business: World-wide sales hit \$20 billion in 2013, the most recent data available, according to Freedonia Group, a research firm.

An increasing number of products and components are shipped around the world as manufacturing has become more global. Retailers like Amazon.com Inc. and Target Corp. are constantly experimenting with new types of packaging as they look for ways to undercut rivals to offer cheaper, faster shipping, all while ensuring products reach their destinations unscathed.



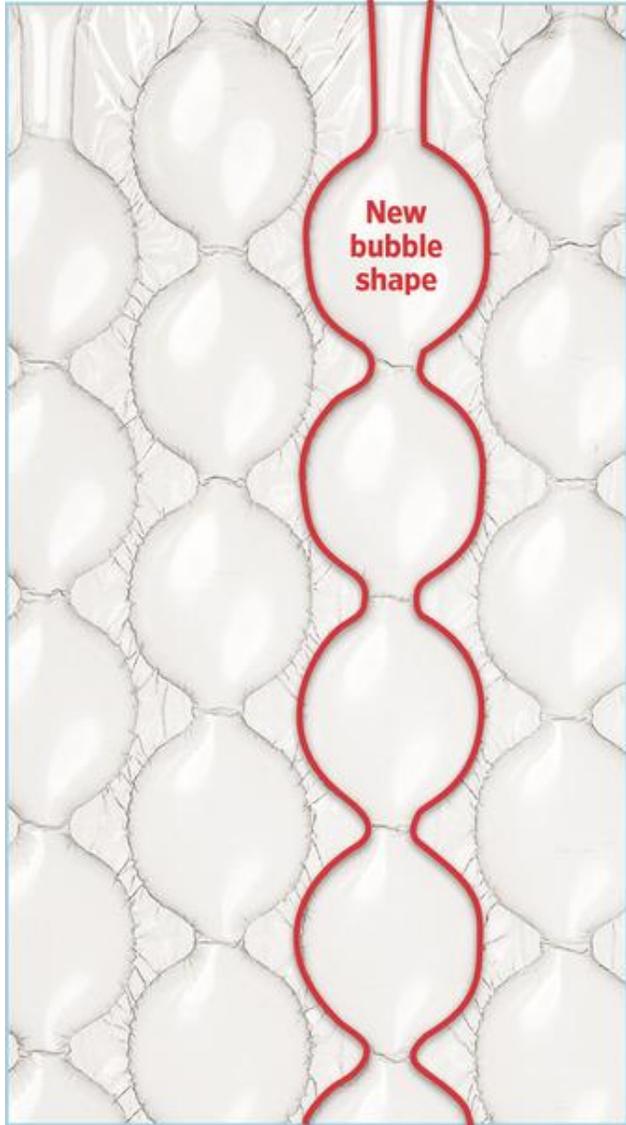
Invented in 1957 by the company's founders, Bubble Wrap was for decades Sealed Air's top-selling product. Photo: Loretta Chao/The Wall Street Journal

Manufacturers have responded by offering an ever-growing variety of packing materials. Bubble packaging and air pillows remain the favored form of protection for e-commerce orders. Sealed Air says its best seller is liquid foam, and it is experimenting with a combination of agricultural byproducts and mushroom roots that grow and conform to the contours of a package.

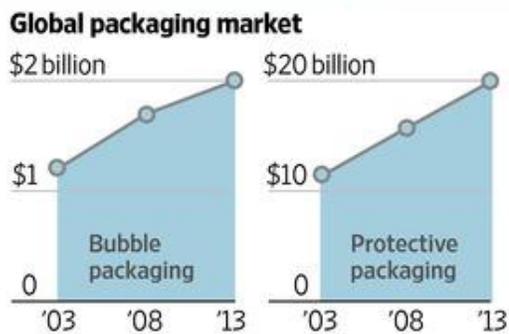
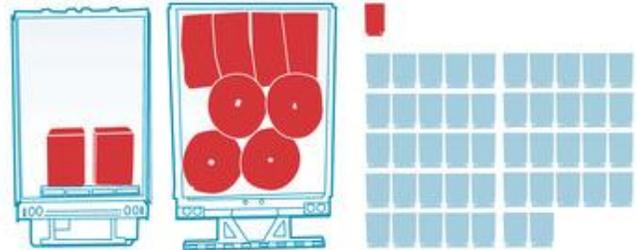
Sealed Air hopes iBubble can revive the Bubble Wrap brand, which has seen its status deflate in an increasingly crowded market. By 2012, Bubble Wrap made up 3.6% of Sealed Air's sales, down from 5.7% in 2010, and profit margins on the product had contracted sharply in the previous decade, according to the company. Sealed Air also has been unable to take advantage of the rise in e-commerce in far-flung markets, losing business to local imitators. The company rarely sends Bubble Wrap to customers more than 150 miles from its factories because its bulky size makes it prohibitively expensive to ship long distances.

What Goes Around

Sealed Air is making a new version of the packing material with interconnected columns that is more efficient to ship. The new shape, however, means that the bubbles will no longer pop.



One truckload of iBubble Wrap has the same amount of packing material as 47 trucks filled with Bubble Wrap.



Source: Freedonia Group

“There’s an initial...era for a lot of these things where they enjoy fairly significant margins. But once competition enters the market” those margins go down, said Mike Richardson, an analyst at Freedonia Group. That’s why the invention of lower-cost iBubble “may put larger customer bases within [Sealed Air’s] reach.” Mr. Richardson projects that bubble-packaging sales will grow faster than the overall packaging market over the next few years.

Invented in 1957 by the company’s founders, Bubble Wrap was for decades Sealed Air’s top-selling product. The company’s patent expired in 1981, but Sealed Air still considers its manufacturing process—which involves melting pellets of resin and stretching them over specially-designed rollers—a trade secret.

In 2012 Sealed Air got a new chief executive, Jerome Peribere, who ordered Bubble Wrap factories closed in Mexico and South Africa, and hinted that the company could discontinue production entirely if profit margins didn’t turn around, said Ken Chrisman, president of product care at the company. Sealed Air changed its logo in 2013 from nine dots, representing Bubble Wrap, to a triangle.

Mr. Chrisman said the high costs of shipping Bubble Wrap made the company consider exiting the bubble packaging business if things didn’t turn around, which prompted the creation of the new iBubble Wrap material, which “eliminates the freight burden.”

iBubble Wrap may also be welcomed by shippers that are grappling with rising costs and scarce room on their warehouse floors, experts say. Warehouse vacancy rates are in the single digits nationwide, and many companies are looking for ways to use space more efficiently.

Meanwhile carriers, including United Parcel Service Inc. and FedEx Corp., have started charging according to a package’s size in addition to weight, further driving up shipping prices.

While a roll of iBubble Wrap costs less than the traditional product, users must also buy a pump from Sealed Air, currently priced at \$5,500, though the company hopes to lower that to \$1,000 by 2017. It is also investigating ways to deliver the material in small quantities from trucks equipped with inflation machines.

Rob Thyen, vice president of engineering and facilities for Ozburn-Hessey Logistics LLC, said he’d be interested if the pump’s price came down or if Sealed Air loans it out free, the way it does for other inflatable products. OHL operates more than 120 distribution centers for retailers, manufacturers and other types of shippers.



Sealed Air hopes iBubble can revive the Bubble Wrap brand, which has seen its status deflate lately. Photo: Loretta Chao/The Wall Street Journal

OHL, which spends 20% of its filler-packaging budget on bubble packaging, said the logistics industry earns an average of \$25 in revenue a square foot—so if a facility were to use 3,000 square feet of space to store Bubble Wrap, it loses \$75,000 a year in potential revenue, according to the company.

And Sealed Air could face the wrath of Bubble Wrap fans. When regular Bubble Wrap's individually sealed pockets are squeezed, they rupture with a satisfying noise. But iBubble Wrap is laid out in columns of connected air pockets, so when pressure is applied to one "bubble" the air gets pushed into neighboring bubbles. Sealed Air plans to continue offering both varieties.

"I have to pop the Bubble Wrap!" said April Holliday, a 45-year-old bartender from Lake Ozarks, Mo., a member of "Popping Bubble Wrap," a Facebook group with over 500,000 members. Ms. Holliday said she loves the material so much she's wrapped herself in it for costume parties. If Bubble Wrap didn't pop, "I'd be stuck...it will be functional but I will miss the Bubble Wrap that pops."

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