



The Significant Six

Taking costs out of your packaging operation

Storage costs

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The Significant Six Taking costs out of your packaging operation

When reviewing your packaging, it is important to consider the total costs of your packing operation. The unit price of the packaging is only the tip of the iceberg, many other costs lurk beneath the surface.

This whitepaper will help you identify the hidden costs in your packaging operation and offer solutions on how to best manage them.

Storage costs

Are your warehouse racks full of packaging?

If so, perhaps it is time to review your warehouse management strategy...

Packaging solutions such as air and paper cushioning are less bulky to store yet offer maximum product protection in transit.

If you are ordering large amounts of packaging stock to get the best price and storing it on site, you could be seriously impacting not only your warehouse space but cashflow too.

Consider a packaging provider who can deliver the stock you need JIT. This will give you the opportunity to free up storage and the money once used to bulk buy slow running stock and perhaps expand production lines.

Did you know? Businesses who have struggled to expand production within their existing floorspace have achieved growth by storing packaging off-site.



Transport costs

Are you maximising your pallet yield and minimising transport costs?

Reducing the size and weight of your packages is a great way to save on storage and shipping charges while limiting the impact your packaging operation has on the environment.

Review your corrugated board - Double wall boxes are traditionally used for transporting goods thanks to their excellent durability, but some single wall board now available can match this performance. A switch to single wall can take off up to a centimetre in box width, length and height! This may not sound like much but it could potentially add another layer of goods to your pallet.

Evaluate your box sizes - Packaging that is too big for your products requires extra cushioning (and therefore cost) and it also takes up more space on your pallets. Smaller, more compact parcels will help you transport more boxes in one go while saving on void fill and storage costs. The increased capacity also means fewer vehicle movements which contributes to reducing your CO₂ emissions.

Did you know? Increasing your pallet yield by only 10% could deliver significant transport savings. With that kind of improvement you could save up to £50 per day for every 10 pallets shipped – that's around £12,500 per year!



Administration costs

How much time is spent on the administration of your packaging orders, stocks and suppliers?

Multiple supplier purchase orders accumulate increased handling in the warehouse. Goods arrive in several batches on different vehicles – this not only generates extra handling but multiple documentation too, from purchase orders through to invoices.

Savings could be made by consolidating your supplier base or switching to a single supplier who can deliver all of your packaging requirements.

Using online purchasing systems will also contribute to transforming the speed and efficiency of your packaging. The systems store all the information you need to manage your packaging stocks quickly and effectively, ensuring you always have the right packaging products exactly when and where required.



Product damage and returns

How much are product damage and returns costing you?

Product damage and returns can be costly to any business, so make sure you have a true handle on your associated costs.

Packaging which is not fit for purpose can increase your damage rates, resulting in increased labour, transport and product replacement costs when processing returns. Not to mention the inconvenience to your customer and damage to your brand reputation.

Never overpack - Using too much packaging can be as bad as insufficient cushioning. Overfilled parcels can easily burst in transit, not to mention added transport costs for shipping extra grams. Reducing the amount of packaging material you use will automatically cut packaging waste and make it easier for your customers to recycle.

Use packaging that is suitable for the job - Think about your product's destination, storage and the conditions it's going to travel in. If you are looking for a smarter, more secure way to tape your boxes, gummed paper tape is a perfect solution. Once applied, it creates a firm "bond" with your box, making the entire parcel stronger.

Consider new packaging solutions - If your current packaging does not offer the level of protection your products require, it's time to look for alternatives. Packaging solutions such as the Korrvu retention and suspension range, Airsac inflatable packaging and Geami paper cushioning are perfect for shipping fragile and expensive items and are worth considering.



Productivity costs

What is the throughput of your packing operation?

It is important to understand how long it takes to collate, assemble and pack your products. Sometimes even a small change can go a long way.

Here are a few things for you to consider:

What packaging are you using? Do you have a "one size box fits all" approach to your packing? If so, you could be making better use of your packers' time. A selection of different sized boxes at your packing station, tailored to suit your product range, can mean more time shipping parcels out and less time filling voids.

Take a look at your packing stations. Are they stocked with everything the packer needs or are they having to leave the station to get some of the material needed? Do they need replenishing too often? Time spent walking to another area to get void fill, for example, could be time spent packing.

Is there room for automation? Automation can have a huge positive impact on your packing operation, from automated case tapers, strapping machines and voidfill machines to stretch wrappers and fully integrated conveyor lines. There is something to suit every size of business.

Did you know? Switching to a semi or fully automated packing process can help you speed up your packaging operation by achieving more output in less time.



Customer Experience

Think like a customer, would you like to receive the product in the packaging you currently use?

Is the packaging easy to open? Can it be easily recycled or disposed of? Does it convey the value of the product and your brand? Can the product be returned in the transit pack if required?

At a time where more and more people are buying online, customer experience begins with your packaging. We all know how important first impressions are.

The better experience your customers have opening their package, the more likely they are to choose your brand again and, most importantly, recommend it to others.

Here are a few examples of retailers how got it right.

Lakeland uses boxes with a peel and seal closure that are easy to open and stronger than standard cardboard boxes. A tear strip system is a great tamper-evident mechanism that gives customers the peace of mind that no one interferes with their items before they arrive.

Lakeland customers can enjoy quality products that come in aesthetically-pleasing packaging which is easy to open.

FEELUNIQUE boxes are equipped with a tear strip system that makes them easy to open and significantly improves their appearance. (The self-adhesive strip eliminates the need for tape, allowing customers to easily open the box by peeling it away).

The company includes short, custom messages such as "Almost there", "Thank you" and "Enjoy" on their boxes that are present throughout the entire opening process. What a great way to create an intimate connection with your customers and show them that you care!



To find out more about how Macfarlane Packaging can help you find the hidden costs in your packaging operation call **0800 2888 444** or email response@macfarlanepackaging.com