

Supply chain and procurement

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Get ahead with Easy ID

Clearly marked, named and colour coded outer packaging, combined with simple graphics, helps store operatives to put products in their correct place on the shelves, more quickly and accurately. But the benefits of easy identification do not end there.

Supermarket trials have proved that the commercial value of retail ready packaging (RRP) relies strongly on the ability to make product identification easy. International food and grocery expert IGD revealed the 'hard hitting' data amassed from recent pilots at a seminar titled *On the Case* on 1 July.

"The hard-hitting figures will make a strong business case for addressing the neglected area of EasyID," James Tupper, ECR (Efficient Consumer Response) Learning & Change Manager, IGD and seminar leader, told *Packaging Today*.

He said the trials have helped boost sales, avoid lost revenue due to stockouts and price reductions, and cut levels of waste in the supply chain.

Retailers and manufacturers across food and grocery have taken part in trials of clearly labelled cases in the health and beauty, petfood and frozen categories.

The health and beauty category can experience difficulties from having a number of similar products per metre of shelf delivered in nondescript cases that usually use heavily abbreviated product descriptions. In the household category, cases of many branded products are geared more towards the shopper, but not those tasked with shelf replenishment, the IGD has observed; while poorly labelled cases in the frozen category, which demands quick replenishment, present a problem due to difficult, cold working conditions and risk of products defrosting.

In a breakthrough that is a retail industry equivalent of a 'rainbow coalition', *On the Case* saw Asda acting as host to competing multinationals and top brand owners at its store in Watford, UK. Product manufacturers and packaging suppliers would 'rub shoulders' in the learning experience. *Packaging Today* heard that the IGD is keen to attract coding, labelling and printing specialists to supply chain events as they hold the key to EasyID through clear, legible marking and graphics.

Practical sessions through the day gave delegates hands-on experience of the best and worst-case examples, and the chance to find out how well, or badly, their own products perform.

EasyID is important at all stages of the process: getting the right case to the right aisle and module; and the right case to the right shelf edge label (SEL).

Having a go at handling products that shelf-fillers are faced with, day and night, is the way to understand the failings of many RRP solutions. For packaging producers and print equipment suppliers, it gives insight into technical requirements and selling points that will help close deals with well-informed users.

Mr Tupper explains: "We are asking delegates to bring one of each of their current cases sold in a major multiple and send us their SKU list in advance so the retailers can print the corresponding SELs. On the day, delegates will stack each other's cases in generic retailer aisles. Delegates then score how easy or hard it was to do and why.

"Delegates are then given SELs for other people's products and asked to match them up with the right cases, and again record how easy or hard it was to do and why."

Finally, delegates have to position cases along a *Top Gear* Cool Wall according to the scores. For the uninitiated, *Top Gear* is a popular car show on British television.

Participants will leave laden with clear tools and guidelines on how to improve their cases – and a watertight business case for doing so.

Hey presto! It's Open-Sesame

America has joined Europe in its demand for multifunction retail ready packaging (RRP) that carries products from factory to shelf display in a corrugated box that is purposely designed, labelled and printed.

Adalis, part of the H.B. Fuller Company, has won over the grocery trade on both sides of the Atlantic with Open-Sesame, a two tape opening system that easily turns a shipper box into a display tray with a clean, straight edge.

"In an environment of consolidation, competition and drive for sustainability, retailers are implementing efficiency programmes to reduce costs and maximise not only shelf space, but also labour productivity," says Moniek Jansen, marketing programme manager, Retail Ready Market Team at Adalis. "The Adalis Open-Sesame System offers cost effective functionality through a box that is used for both shipping and display, creating more sustainable packaging."

The Open-Sesame system will use less material because it maintains compression strength using a lower board grade, states Adalis, adding that it can also stack better, for greater efficiency in logistics and transportation.

Sourcing clear as Daylight

Despite a complex supply chain and 18 manufacturing sites spread across the globe with different procurement requirements, Chesapeake is able to source materials quickly with lowest site input cost and working capital, thanks to Daylight Supply Chain Services, a division of Chesapeake.

The paperboard and plastic packaging producer is supplied on a cycle of up to three months, while its customers can demand products within 10 days.

The Daylight system monitors and analyses behaviour patterns and anomalies in the supply chain. As a result, Chesapeake supply chain managers are able to source materials from their most cost effective supplier in the world at any given time, and make sure that the material arrives at the correct site 24 hours after order.

Chesapeake has shortened the time raw materials are stored in most warehouses from 60 days to 3 days, and has reduced customer turnaround from 15 days to 5 days.

Chesapeake claims to have saved £1million in the initial 12-month period. "Using Daylight has changed the way we do business for the better. Our cost savings speak for themselves," says Niall Walker, Chesapeake Supply Chain Planning Manager.

Daylight recently became the first company to be accredited under the new Solution Provider Accreditation scheme, run by the standards body GS1 UK.

Honours for Coca-Cola suppliers

Ball Packaging Europe and Ardagh Glass were honoured by Coca-Cola Enterprises (CCE) at an awards ceremony during the company's first Supplier Sustainability Summit recently held in Brussels.

CCE's Chairman and CEO, John Brock, and President of Europe, Hubert Patricot, presented awards to the suppliers for their contribution to the business in 2009.

Crowned Supplier of the Year, can manufacturer Ball Packaging Europe supplies 2.4 billion cans to CCE in Europe.

"Ball Packaging Europe are supporting our commitment to sustainable packaging by helping us to reduce the weight of our cans, and also helped us to deliver excellent service to our customers by providing a faultless and flexible supply of goods," said Stephen Moorhouse, General Manager and Vice President of CCE's European Supply Chain.

Ardagh Glass, selected as the most improved supplier, has been working with CCE on continuous quality improvement, reducing the weight of glass bottles, and improving logistics efficiency.

Haulage and warehousing supplier Howard Tenens received the Corporate Responsibility and Sustainability (CRS) award, for trialling gas-fuelled vehicles and developing a new sustainable warehouse.

David Cowell, VP Procurement, European Supply Chain, said: "We identify the winners through our Supplier Relationship Management Programme, which is managed by the Procurement team. This provides a formalised framework through which we develop joint action plans, and review activities and performance."

Rob Miles, Vice President, Sales & Marketing of Ball Packaging Europe (BPE), said: "We are delighted to have been awarded the Supplier of the Year Award by CCE for the second time in a row."

The Summit identified opportunities for improvement in the areas of packaging; equipment; waste and recycling; and water & energy.

Pallets take the strain

Chep supplies pallets to Bord na Móna to move peat and bark horticultural products from County Kildare to retail outlets including B&Q (DIY) stores in Ireland and the UK, and to a UK co-packer in Penrith. The €400 million turnover company also benefits from Chep's sophisticated supply chain systems and training.

Online account management means it can easily arrange pallet collections, check historical and current stock balances, generate transaction reports and review invoices.

Bord na Móna staff have been trained by Chep in supply chain processes, and how to use change management tools to help improve them.

Bord na Móna recently renewed its contract with Chep.

"Our ability to meet our pallet delivery and quality commitments were important factors in enabling us to win this contract once again," says Daniel Walsh, Commercial Director at Chep UK.

Life support on the factory floor

At a time when industry is facing increasing pressure from all sides, a move to streamline the maintenance, repair and operations (MRO) supply chain is said to offer important cost savings.

Outsourcing product life cycle support can cut operating costs and will improve service levels, says Supply and Procurement Solutions (SPS).

Stuart Singleton, who heads up SPS, thinks outsourcing the management of MRO 'is a more efficient and better way to manage the associated costs of ownership and acquisition'.

Time to change for personal care

The impact of global events, environmental, cost and economic factors, on-line purchase and delivery and user friendliness: all these factors will cause the personal care packaging sector's supply chain model to evolve in the coming years, says Pira International.

Pira also forecasts that the sector will reach almost US\$21.4 billion by 2014, and grow by 4.1% year on year.

The Future of Personal Care Packaging looks at what will be shaping a sector that makes up nearly 3% of the global packaging industry, by value. It covers products for bath and shower, colour cosmetics, deodorants, depilatories, fragrances, hair care, men's grooming, oral care, skin care and sun care.

Lot size reduction and compressed lead times will become the norm in the aftermath of the global economic downturn.

Environmentally aware decisions will be made to gain competitive advantage, reduce costs, and entail substitution for alternative reusable and recyclable packaging materials.

Multifunctionality created by the inclusion of electrics or electronics will boost new product development and sales. Pira cites vibrating mascara brushes as an example.

Refill packaging formats are emerging as the key contender to preserve natural resources. They are lightweight, cheaper, resilient, and use less space when empty, before filling and after use.

Global annual growth rates of around 5% will continue, driven by markets in South America, Middle East and Africa, Eastern Europe and Asia-Pacific with huge population sizes says Pira.

The mature regions of North America and Western Europe Growth are expected to remain relatively static at around 1-2%.

From a materials perspective, rigid plastics packaging will continue to sell well over the forecast period. Glass and flexible packaging have the greatest potential for growth, with metal packaging value likely to remain static with little or no growth.

The use of plant-based material and the further adoption of lightweighting and 'rightweighting' processes is expected to spur demand for rigid plastics packaging.

Savvy sourcing online

The internet has changed the face of sourcing packaging materials in recent years: it is driving savings in commodity costs and making processes more efficient.

eSourcing involves the use of secure web-based tools to conduct strategic negotiation activities such as tendering, negotiation, contract awards and contract management.

"Many UK organisations have to procure substantial quantities of items on a regular basis that have a low level of strategic impact yet can have a huge impact on a company's bottom line," says Nader Sabbaghian, CEO of supply management software specialist, BravoSolution.

Online tendering (RFx) or eAuctions (electronic reverse auctions), can drive down the cost of materials to make unit savings. But he says highly strategic categories require a more sophisticated approach to sourcing and require collaboration with suppliers.

"The sourcing of packaging is certainly strategically important," continues Mr Sabbaghian. "Print quality and copy control can be crucial, spend can be large, stakeholders have concerns which must be reconciled, and mistakes are costly. In addition, flexible packaging, rigid packaging, corrugated, and folding cartons each have their own complex dynamics.

He adds: "BravoSolution's Collaborative Sourcing enables packaging teams to fully understand the economics of their suppliers' manufacturing platforms. It allows clients to move beyond a simple 'unit price driven' approach to a broader supply chain view."

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