



9 TIPS

TO HELP YOU CUT
PACKAGING COSTS

Reducing packaging costs. It might seem like the solution is straightforward: Just buy cheaper materials, right? Actually, no. When you buy cheap materials, you almost always sacrifice quality. That usually means you'll end

up using more material to compensate. Many times, low-end products aren't compatible with your equipment, which can mean downtime, delays, and even missed delivery deadlines. And cheaper products often don't provide

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adequate protection. That can mean damaged product, which can translate to lost customers. And there's no telling how much *that* costs.

Your packaging cost is made up of much more than just the price of your packaging materials. Before you create a strategy to cut costs, it's

important to get a clear understanding of the bigger packaging picture. Look beyond the box. Then you can start to understand how you can reduce costs long term instead of making short-term—and often short-sighted—efforts to cut prices.





①

CONSOLIDATE

your SKUs and standardize your packaging.

Whether we're talking about shopping in-store or online, brands are competing like never before. Consumers are demanding more convenience options, more premium products, more customization—and brands are delivering¹. One result of that explosion of product options? More packaging SKUs, which can lead to higher packaging inventory carrying costs. And as product lines evolve, packaging inventory can become obsolete.



TAKE ACTION

Examine the number of SKUs you're stocking and evaluate your packaging turnover. Are there existing packaging designs that could work for multiple products? Would a slight packaging redesign allow you to use a single SKU for multiple products? This could reduce carrying costs and obsolete inventory. Fewer packaging SKUs could minimize setup times and changeovers, too. That means fewer delays and increased efficiency.



②

REDUCE

waste in your packing processes.

Waste can hide in unexpected places in a packaging operation, and it takes many forms. It might be as easy to spot as a worker using extra stretch film on a pallet. Or it might be as complex as an inefficient workflow. Here are some waste types to keep an eye out for.

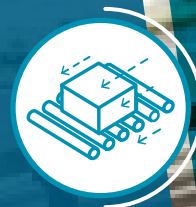
Waste type	Can occur when employees...
 DEFECTS	• Work with damaged materials • Use shortcuts that cause damage to packaging or products
 SPACE	• Work in cluttered, cramped or disorganized spaces • Carry too much inventory
 PROCESSING / COMPLEXITY	• Work inefficiently • Follow overly complex processes • Experience process interruptions
 EFFORT / LABOR	• Perform unnecessary tasks or have to re-do tasks • Don't achieve the desired result
 TRANSPORTATION	• Cross the same path multiple times • Have no cadence, rhyme or reason to their movement
 PRODUCT	• Use the wrong products • Use the right products incorrectly • Use too many products



TAKE ACTION

It's easy to see how any of these types of waste can cost time, effort and of course, money. The first step is awareness. Tackle one aspect of your operation at a time and look at it through a waste-spotting lens. For example, are people taking extra steps (physical steps or steps in a process) because they're working through an inefficient process? Maybe the answer is redesigning the process or reimagining the workflow, or simply reorganizing the workspace. Are they encountering delays while they wait on someone else to finish their part of a packaging process? You might consider cross-training workers to do multiple jobs so they're not wasting time waiting on others.

The ideal scenario? Work with a LEAN expert who also has packaging expertise. They're trained to identify and eliminate waste in operations like yours. They can also help you organize your workspace for efficiency, effectiveness and safety.



③

AUTOMATE

manual processes with packaging equipment.

Automating manual processes saves time and increases throughput. Those are the obvious savings. But there are others you might not be aware of. Let's look at some real-world examples of how packaging equipment can help you save.



Automated stretch wrappers apply the optimal containment force to your loads. This ensures they're secured, so you avoid breakage, damage and loss.



Case sealers apply just the right amount of tape or adhesive every time, eliminating the guesswork that often leads to waste.



Case erectors eliminate manual work, reducing labor waste. They also improve case consistency, which translates to less material waste and more stability.



The right packaging equipment can even help you reduce headcount or move employees around to areas where you need more support.



TAKE ACTION

Equipment is a long-term investment, but it's one that will impact your cost savings for years to come. Work with an equipment specialist who can visit your location. They should be able to analyze your production environment, including the materials you use, your process design and workflow and even your financial and operational considerations. Those are the people who can recommend the perfect equipment for you. The right partner will coordinate every aspect of your equipment purchase, including selection, shipment, assembly, installation, staging, training and repair.



④

Stop buying
IN BULK
and storing extra on-site.

Bulk buying is an age-old strategy to reduce costs. You get it at a discount, so you buy a lot and keep the extra on hand. But this strategy often ends up costing more in the long run. Here's why.



YOU PAY MORE UP FRONT.

Even if it *is* cheaper per unit, you're spending more than you normally would by buying more.



YOU HAVE MORE THAN YOU NEED.

If your product specs change and no longer work with that packaging, you're looking at a heap of obsolete inventory you'll never use.



YOU'RE PAYING TO STORE IT.

Warehouse space is more expensive than ever. And every square foot of space you're using to store bulk materials is a square foot you could be using as operational space. (Or, you could be operating in *less* space.)

TAKE ACTION

Order only what you need and take advantage of just-in-time inventory deliveries from a provider with locations nearby.



⑤ RIGHT-SIZE your packaging.

This step can help you reduce your packaging material costs, but it's also closely tied to transportation costs. (See #6.) When you're buying materials, a small tweak can make a huge difference in your packaging spend. Right-sizing can also mean reducing waste, improving sustainability, lowering DIM weight and even creating a better unboxing experience.



TAKE ACTION

Start by taking a critical look at your packaging materials and ask, "What do I *really* need?" Examine all your packaging components to make sure you're not overpackaging and wasting money, or underpackaging and risking damage.

24% of the volume of an average e-commerce parcel is empty space.²

Here are some questions to ask:

- Is there extra cushioning?
- Am I using unnecessary inserts?
- Am I using boxes when padded envelopes or poly mailers would work?
- Am I using larger boxes than needed just because I have them on hand?
- Is there a lot of wasted space inside my packaging?
- Is my packaging negatively affecting my DIM weight?



⑥

OPTIMIZE

shipping space to reduce transportation costs.

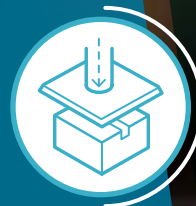
Packaging costs include materials, storage and labor, among other things. But how much does it cost to move that package from point A to point B? Your packaging design, pallet load configuration and truck loading pattern can have a substantial effect on those costs.

TAKE ACTION

Much like right-sizing your packaging, the first step to optimizing your shipping space is evaluating the size, shape and design of your packaging materials. The end goal is to determine if you can make changes that allow you to fit more boxes in a case, more cases on a pallet or more pallets on a truck.

Maybe there's a way to fit more boxes in a case by shaving even a fraction of an inch here or there. It might be possible to fit more cases on a pallet

with a different stacking configuration. Or you could use different materials—whether it's the right boxes, pallets, film, tape or dunnage—to help you haul more while staying safe and minimizing damage. Any of these changes can reduce your transportation costs and boost your efficiency.



7

TEST

packaging designs before rolling them out.

Packaging does a lot of jobs. It has to contain, protect and communicate. It should be efficient to produce, environmentally friendly and non-contaminating. Then there are logistical considerations. How will its weight affect the shipping cost? How fast can it be assembled on the production line? How many master packs will fit on a pallet?

When you're considering a new packaging design, you need to know it will perform. Otherwise, you pay the price in the form of downtime, delays and damage—to your product and ultimately your reputation.

Work with a packaging partner who asks critical questions up front before recommending a packaging solution.

How will it be transported?

By air? Rail? Ground?

What conditions will it face in transit?

Will it be shaken? Compressed? Dropped?

How will it be stored?

Will it be stacked? Palletized? Shelved?

What are the risks of storage?

Could it burst? Tear? Be crushed?



TAKE ACTION

Considering a new packaging design or redesign? First things first: Choose a packaging partner that can test your designs before you roll them out into full-scale production. Make sure they put your packaging through its paces to discover exactly how it will hold up under real-world stressors, like vibration, compression, shock, dropping, crushing and bursting. Ensure that your new packaging design will work with your equipment. And talk with load containment experts to make sure the packaging is designed to maximize space usage on pallets and in trucks.



8

STREAMLINE

your administrative costs by reducing the number of vendors you use.

High administrative costs are a problem in companies of all sizes. But the issue is magnified when you've experienced significant growth or a merger. If that's you, odds are you're operating in multiple places and following multiple processes. Each location is ordering different packaging products from different vendors. They're paying different prices and processing separate invoices. Ultimately, it's costing you a ton of administrative time and effort. And your customers are probably experiencing varying levels of quality.



FOLLOWING
MULTIPLE
PROCESSES

+



ORDERING
FROM
SEVERAL
VENDORS

+



PROCESSING
SEPARATE
INVOICES

+



ORDERING
FROM
DIFFERENT
SYSTEMS

=



COSTING
YOU TIME &
EFFORT

TAKE ACTION

Streamline processes and lower procurement costs by working with fewer vendors. That translates to fewer purchase orders to create and fewer invoices to pay, reducing the time and cost of purchasing and accounting. You'll get fewer deliveries, reducing the time and cost of receiving labor. And you'll make fewer supply runs, increasing employee productivity. Plus, you'll budget more accurately with predictable pricing. End result? Cost savings and a more consistent, loyalty-building customer experience.



Yes, sometimes the answer *is* buying

⑨ LESS EXPENSIVE MATERIALS

When it's all said and done, you do sometimes need to just cut material costs. When that's the case, don't go straight to the catalog and order the cheapest thing you can find. You can still be strategic with your spend.

TAKE ACTION

Work with a packaging partner who understands your business, your products and your challenges. Pick a partner with robust sourcing capabilities who can help you find materials from a wider pool of suppliers. Ideally, they'll have the expertise to suggest cost-saving substrates and offer advice on how to use them in cost-effective ways. The right partner will also monitor pricing trends over the long term and bring you proactive suggestions for saving money.



Looking for a packaging partner? **LOOK NO FURTHER.**

Whether you're trying to cut costs or need packaging expertise in another area, call Veritiv®. We'll evaluate your packaging products and processes. Then we'll help you create a big-picture packaging strategy that pays off for the long haul.

WANT MORE INFORMATION?

Contact your Veritiv representative or visit veritivcorp.com/packaging.

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& GLOBAL
SOURCING



PACKAGING
DESIGN &
TESTING



PROCESS
DESIGN &
WORKFLOW
AUTOMATION



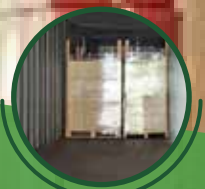
EQUIPMENT
SALES
& SERVICE



LOGISTICS



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LOAD
CONTAINMENT
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KITTING,
ASSEMBLY &
FULFILLMENT



SUSTAINABILITY
EXPERTISE

SOURCES

¹ Henkes, Thilo, Jeff Cloetingh, and Amanda Davis Winters. "Packaging Cuts Through the Clutter." *L.E.K. Brand Owner Packaging Study XXI*, no. 21 (2019).

² Ward, Jonathan. "A complex Case: Rethinking today's packaging systems." *Delivered. The Global Logistics Magazine*, January 2020.



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