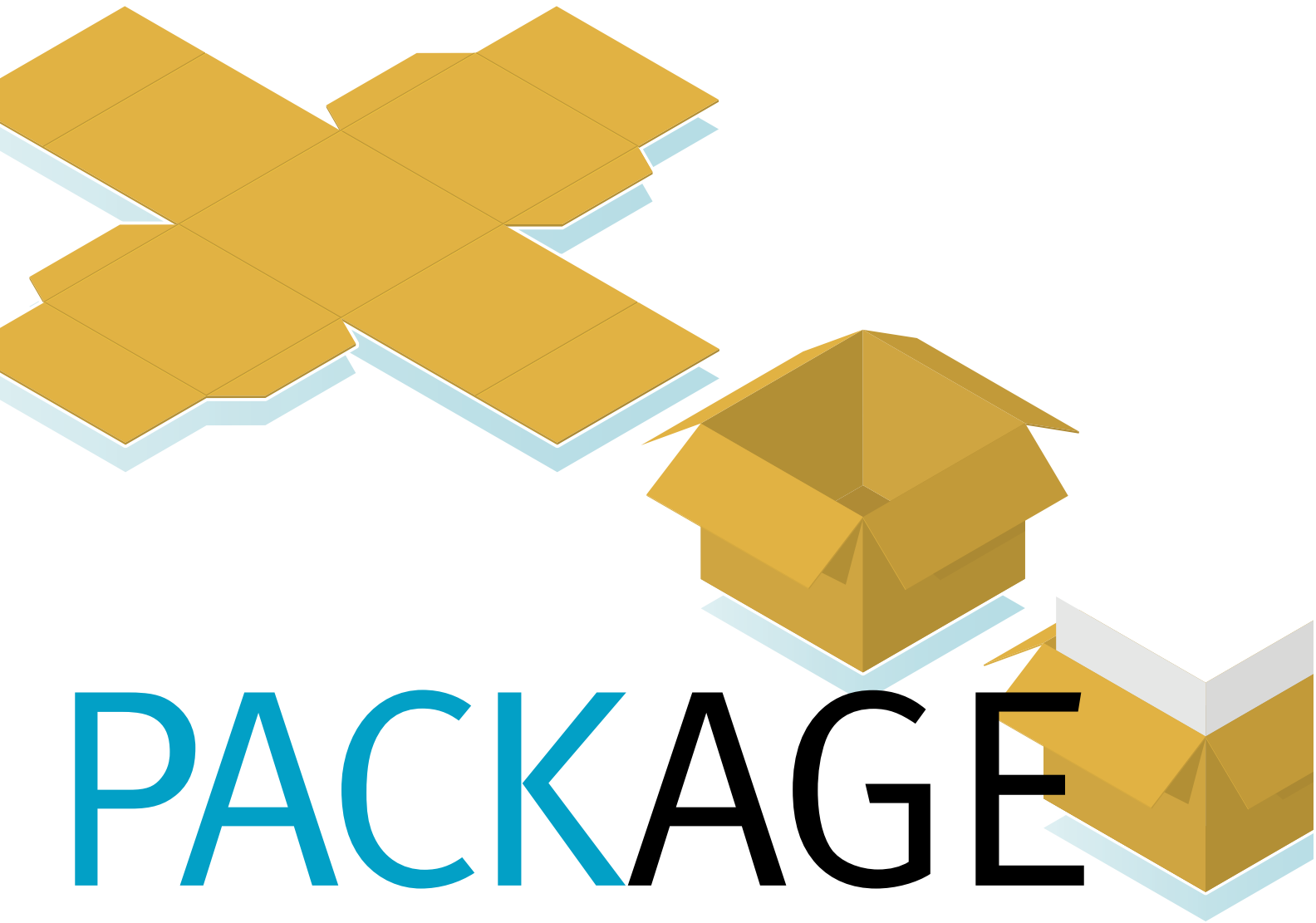




COVERFEATURE

by NANCY CLARK



PACKAGE

The latest packaging BUZZ includes RFID, the Web and being green. What can you do?

ALL INDUSTRIES ARE subject to the vagaries of global economics and the zeitgeist. This is never truer than in the packaging sector—as it is so tied not only to the fortunes of the manufacturers it serves but to fickle consumer tastes and the black art of advertising. Whether you're a well-established or novice packaging printer, listening and responding to the buzz can make a huge difference to your bottom line. Here are a few trends to think about.

1 THINK LOCALLY

Yes, China has taken a large chunk of manufacturing business away from North America. But has it taken the packaging contracts as well? Chinese sources peg printing in that country as a US\$41 billion industry. China has reputedly 180,000 printing plants and 3.4 million print-shop workers. And according to the China Packaging Federation, the Chinese packaging sector generated over US\$50 billion in 2005. These figures indicate that the packaging printing industry in China is large and growing. And, of course, there's lots of anecdotal evidence. "I know there's a few companies who manufacture over there and ship their product in bulk and package over here," says Louis Lemaire, vice president of marketing and business development for Montreal-based Cascades Boxboard Group. "But most who manufacture over there, package over there—like many of those toy companies."

So what's a North American boxboard converter/printer to do? "I expect that the U.S. government will eventually impose duties on Chinese makers of cartons—just like the U.S. did with Chinese coated papermakers," says Wally Hofland, president of folding carton specialist Torham Packaging Inc. in Hamilton, Ont. In the interim, Hofland is concentrating on running a lean, more efficient business. "We emphasize quality and service and concentrate on getting our pricing in line."

Think perhaps of the 100-mile diet—an environmental and lifestyle movement that advocates only consuming food and drink produced within a **100-mile radius** of where you live.



Good advice, but no matter how lean you run your company you cannot wait indefinitely for those offshore accounts to return to North America. So where do you find more customers? Well, if we take as truth that most companies will opt for packagers that are at least on the same continent as their manufacturing plants, your best bet is to look closer to home. "For sure, for sure," says Lemaire from Cascades, "it's better to go after companies with manufacturing plants in North America." There are still some out there—and not all of them are big corporations.

So, in order to think locally, sometimes you have to think small. Sometimes, you have to think specialty, high-end prod-

ucts or perhaps the 100-mile diet—an environmental and lifestyle movement that advocates only consuming food and drink produced within a 100-mile radius of where you live. Food producers, food retailers and restaurants that market themselves as part of this movement have a philosophical bent toward finding homegrown packaging solutions. You might also think about tapping into other “Buy Local” initiatives. Or you just might build a case for yourself if you talk to your potential clients about reducing transportation emissions—not to mention costs—by opting for the packaging company around the corner over one on the other side of the province.

effect will hopefully be less waste going to landfill and more products per unit load, which means fewer pallets and a reduction in transportation costs and emissions.

The scorecard evaluates packaging based on factors such as greenhouse gas emissions and energy consumption related to production, product to packaging ratio, cube utilization, recycled and recyclable materials used, innovation, emissions and energy consumption involved with transportation and shipping. “Wal-Mart is looking at things like aqueous coatings, vegetable inks, recycled content—and the actual size of the packages,” says Leonard Rudnard, director of sales and marketing for the Packaging Association of Canada

But there are other plastics that do not degrade in landfill. This is where perhaps a boxboard packager can step in and offer an alternative. It’s already happening in the music and film industries. “Those #3 plastic jewel cases they use for CDs are not recyclable,” says Lamaire from Cascades. “We’re seeing a move toward paperboard packaging of CDs.” One of Cascades’ clients, EMI, has recently released its Platinum Collection of CDs packaged in 100% recycled paperboard.

EMI is not alone. Canadian rock group Barenaked Ladies has gone the paperboard route for its latest releases. And in the film industry, DVDs of such titles as *An Inconvenient Truth* and more recently *Evan Almighty* also come in paperboard sheaves. Can other film titles—not to mention game titles—be far behind?

Even within sectors traditionally using box and paperboard packaging, there is movement toward more environmentally friendly practices. Cascades is a member of the 10-year-old 100% Recycled Paperboard Alliance based in Washington, DC, (RPA100.com). An independent non-profit trade alliance of recycled paperboard manufacturers, its goal is to promote the use and benefits of the material. Lamaire explains: “There’s a lot of clients who want to move from conventional virgin fibre Solid Bleach Sulfite (SBS) boxboard to recycled board. Three or four years ago, the Alliance had to cold call companies to explain about recycled board, now companies call the Alliance.” Three of Cascades’ four mills produce only 100% recycled board. The fourth produces 35% to 100% recycled.

A contradiction in this movement toward green packaging is the continued popularity of UV coatings—particularly where bright white and shiny packages are de rigueur like the pharmaceutical and cosmetic sectors. UV coatings are not recyclable. But Lamaire thinks this is merely a small roadblock on the green highway. “Companies need to continue to find ways to recycle—to reduce contaminants. I expect in a couple of years someone will find a way to recycle UV.”



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2 THINK ABOUT ACQUIRING COMPANIES

Of course, another way to help with sales is to acquire other packaging companies. The parent company of Torham, Rossmar Packaging Group based in Baie D’Urfe, Quebec, has recently acquired Hamilton Paperbox, which makes rigid boxes. “I see a lot of consolidation happening—companies joining with equity groups,” says Hofland. “That’s one way to grow your business.”

3 THINK ABOUT YOUR CUSTOMERS’ CUSTOMERS

Meeting your customers’ needs is easier if you know their customers’ needs. “Large retailers like Target and Home Depot are all looking for a more green image,” says Lamaire. Indeed, U.S. retail giant Wal-Mart Stores Inc., which has a huge influence over manufacturers and other retailers worldwide, is pushing hard for sustainable and green packaging. It has set up a scorecard system to assist its 60,000 suppliers to reach certain green standards. Wal-Mart’s goals include increased use of renewable materials, a reduction in energy consumption and a 5% reduction in packaging overall by 2013. The

(PAC). “If you look at how some brands of lipstick are packaged in these boxes and you think there’s no need for that.”

The packaging scorecard will help Wal-Mart decide which brands and product lines to carry—though whether scorecard evaluations will take precedence over cost-per-unit considerations is another issue.

Wal-Mart’s push toward sustainable packaging means that your manufacturing clients will be re-evaluating everything from the design and dimensions of their packaging, to the materials they use and even to how environmentally friendly and energy-efficient your shop floor is. Are you ready for this?

4 THINK GREEN

When it comes to being green—and do not expect the environmental movement to disappear any time soon—the boxboard and paper bag packagers are a few steps ahead of the plastics people. This is not only true in terms of materials used but of public perception. However, the plastics industry is taking strides to catch up. “There’s this new plastic made from corn—polylactic acid resin—that is biodegradable. It takes about 80 days to decompose,” says Rudnard of PAC.

5 THINK ABOUT THE FUTURE OF RFID

Wal-Mart is also pushing for the adoption of Radio-Frequency Identification (RFID) at the shipping container and pallet level. RFID, often called an electronic barcode or the next generation of barcodes, performs myriad functions. RFID transponders or tags

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—LOUIS LAMAIRE
vice president
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Converts to paperboard packaging: A recent CD by the Barenaked Ladies and DVD *An Inconvenient Truth*

can be attached to many items—and even livestock and pets. High-end retailers use them as security and anti-theft devices. You find the tags in highway or bridge toll passes, and in library books. Within manufacturing plants they keep track of products and parts coming in and out. In Wal-Mart’s case, RFID is used for inventory control and to help reduce incidents of products being out of stock. But will RFID tags become as ubiquitous as barcodes? Will they be on every box of Corn Flakes and on every magazine cover?

Momentum seems to be moving that

way—but there are problems. An RFID system consists of a compatible reader to read the tags and the tags themselves. There are different types of tags. Tags used in highway passes are called active and include a battery, an antenna and a data chip. Passive tags include the antenna and data chip—they get their power from the reader. Dumb tags just have an antenna. The tags used on pallets and containers are passive tags.

Right now tags are put on by way of pressure-sensitive labels and systems are available to produce these labels with

embedded data chips and copper hot-foil stamped antennae. “It’s a peel and stick operation,” says David Wilkes, senior vice president of Canadian Council of Grocery Distributors. “So it adds cost to the suppliers.”

Technology, in the form of conductive inks using nano-size particles of silver, are being developed to print the antennae directly onto corrugated container or boxboard. However, as of yet, no technology exists to print or embed data chips onto board in one pass. Dumb tags with just antennae are fine if you are simply tracking inventory numbers. But if you want to capture information like serial and model numbers, colour, place of assembly, and the like, the tag needs a data chip. And though Wilkes recommends packagers prepare for a greater use of RFID tags in the future, he acknowledges it’s much too expensive for manufacturers to stick an RFID tag on every single product box at this time. Does he have a prediction for when it will happen? “Oh, I’m not predicting. That’s a fool’s game,” he says.

6 THINK ABOUT THE WEB

Web-based businesses are cropping up all the time. Will such a business model work for boxboard converters and printers? Two box companies with big presences on the Web include Instabox (instabox.com) in Edmonton and Gift Box Corp. of America (800giftbox.com) headquartered in Carlstadt, New Jersey.

Instabox has had a site for four or five years. “We’re constantly re-evaluating our site,” says Greg Mace, president of Instabox, which also has a plant in Calgary. As well, it owns Cactus Containers (cactuscontainers.com) in San Diego, Calif., and two sites in the U.K. under the name Fastpak. “Cactus conducts the majority of its business through its site, but we use the Instabox site more to generate leads.” Orders and in particular re-orders can be handled online, but any potential new customers get a phone call or a visit from a sales rep. That’s essential, says Mace, because sometimes customers don’t know exactly what they want or what is possible—it’s also important to weed out the small outfits that are looking


to buy boxes and bags for 5¢ a piece. Instabox sells not only standard-size corrugated shipping containers, but also custom-designed gift boxes for promotional and high-end items. Mace calls them “oil-patch pieces” and it’s not unusual for the company to design and produce a one-off box. “We can do that for about \$50,” says Mace. Instabox’s average order size is about 250 pieces and about 95% of its customers are from Canada, primarily Alberta.

Unlike Instabox, which Mace describes as a converter, the president of Gift Box Corp. of America, Clyde Brownstone, considers his company foremost a custom printer. Gift Box, founded in 1935, has been on the Web for about 10 years. The site again is primarily used for customer service, re-orders and to generate leads. “We don’t use the site to cut out the middle man [sales reps], we use it as support to our sales force,” says Brownstone. Every inquiry generated by the site is given to a sales person to follow up. The company has a network of showrooms and 150 sales reps across the U.S., as well as distributors in Canada. It sells custom-printed boxes, ribbons, plastic

and paper bags to small retailers. Brownstone estimates that only 25% of new customers come to them with their creative already in hand. “Most of the time we are helping them design a brand—and that is much better done in person.”

7 THINK ABOUT STRATEGIC PARTNERS

Both Instabox and Gift Box offer design services to clients. That service seems to be essential to their operations. But for anything more complicated than simple one-colour printing, Instabox subcontracts out the work to a commercial printer. And herein lies the last trend to consider. If your company is not in the position to acquire a design shop, a converter or a filling operation or to develop those services in-house, why not partner with independent providers of those services? Why not market yourselves as a one-stop service on the Web? Why not?

Think about it. 

Freelance writer Nancy Clark is the former editor of Graphic Monthly Canada.