



Time and packaging wait for no man

Wrapping it up for just-in-time

Entertainment media logistics are tied in closely with the packaging fulfillment, discovers Dan Daley. The time to market from the end product, the types of packaging, its source, carbon footprint, raw material composition and the impact of green issue interests from major retail chains, are all making for interesting and challenging times

The pace of entertainment media on a global basis finds packaging hustling to keep up. It's not so much the diversity and uncertainty surrounding the high definition formats as the accelerated rate at which new and catalogue content finds itself being hurtled forth, as day-and-date releases proliferate and release windows narrow on a global scale.

"The window that a DVD has to hit keeps getting smaller and smaller, and the packaging has to be there with it," says Shelli Kaiser, executive director of marketing at packaging developer Nexpak.

Kaiser says this argues for increased use of locally manufactured packaging rather than globally sourcing it. This is something other US-based packaging makers unsurprisingly agree

with. They point out that, given the relative simplicity of most media packaging, an Asian factory can absolutely manufacture it with lower costs. But adding the costs of shipping, duties and time lost in transit then actually media packaging becomes one of the few products that American and European manufacturers can achieve price-parity on with Chinese manufacturers. "Materials pricing, despite increases in the cost of oil, is not an issue," says Kaiser.

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The logistics of packaging demand more reliance on just-in-time measures and pre-positioning, which is another dynamic that buoys the US and European pack developers. "We try to find a balance between where the packages are needed

and where they are," says David Coho, director of sales for Univenture, which makes most of its cases in the US with ancillary manufacturing in Asia, for products such as its UniKeep wallets, and in Europe, where it produces its A5 binders.

However, the increasingly tight deadlines faced by DVD distributors have led Univenture at times to become not only a provider of packaging but of pack services, as well, taking in offload from replication plants and other pack service providers to help keep titles on schedule. "We also find that we have to expedite certain types of custom packaging, and that that need seems to be a global demand," he says. "So we try to keep some of what we think we'll need pre-positioned." At times, the need for fast packaging delivery has outstripped the normal purchase order process and orders have shipped on the basis of a quick email.

"DVD is still growing in many parts of the world, and there is a widening number of applications for it," says Coho. "The essence of the packaging logistics issue is that while the disc manufacturing process remains the same, the types of packaging surrounding it continue to proliferate, which makes the packaging of the disc

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Companies like Resolution see packaging, logistics and distribution as a strong business opportunity



(Continued from page 31) and co-ordinating that packaging a complicated process.”

Fuel prices are also complicating the packaging logistics puzzle. Gasoline and jet fuel costs were expected to rise to record levels this summer and, unlike in previous years, they may remain near those higher levels into the Fall. Sustained fuel increases will likely make the ‘temporary’ fuel surcharges being implemented by many freight carriers permanent.

Darryl Chapelle, general manager of packaging manufacturer Lenco, says these cost increases are a hot potato between themselves and their customers. “More customers are asking for, or demanding, pre-paid freight be included in the price, and that often ruins our pricing ability,” he explains. “To counter it, you can go to a cheaper freight handler, but that’s only if you have extra time in the schedule to get the product to the replicator, and that’s less and less the case these days. Also, many customers want to specify the freight carrier themselves and we try to have a range of carriers that will meet their approval. Shipping costs are a bigger part of the margin than ever before.”

Chapelle says he has had to increase the sizes and the diversity of his domestic inventories to meet spot needs. This is complicated by longer shipping times across the Pacific, occasional bottlenecks at California ports due to security and labor issues, a near doubling of container costs in recent years and the need to buy out an entire container at a time. “The types of packaging for DVD have become much less predictable these days,” he says. “Even within a package type you have significant variations; a basic CD case can have as many as 20 parts.” Colour, which is a Lenco specialty, is not much of a factor in disc packaging yet – clear, super-clear and white remain the basic palette – but as packaging is relied on more and more to sell content, Chapelle expects the color spectrum to grow.

Another trend affecting package diversity, and by extension the logistics of getting them

where they need to be on time, is Chapelle’s observation that, “The bigger the hit, the less diverse the packaging is, and vice versa.” In other words, DVD’s diminished rate of growth and the expansion of the format in corporate and other lower-volume applications means that DVD packaging will only increase in diversity, further complicating its logistics. “And it’s the mid-level guys who are going to feel that effect, because as you go below the blockbuster level, the diversity of packaging is exploding,” says Chapelle. “There’ll be too much to simply warehouse or inventory at the point of manufacturing. The future is going to be all about getting the packaging to where’s it’s needed on a just-in-time basis.”

David Coho agrees. “The trick to this is interfacing with the customer,” he says. “Spikes occur, timelines change, decisions get made last-minute. Customers can’t turn on a dime but often feel they have to. So we try to have alternatives – shapes, colors and so on – ready to suggest to speed up the process when that occurs.”

With the increased emphasis on supply chain operations, packaging logistics will become an even more important element in the media chain. But going forward, it’s going to be one of its more complex elements, too.

Green logistics with Wal-Mart

In 2006, Wal-Mart announced a chain-wide comprehensive green initiative whose impact would vibrate several layers deep in the store’s vendors and supply chain. In terms of packaging, Wal-Mart has established a goal to reduce packaging used by suppliers by five percent by 2013. In an effort to achieve this target, the retail behemoth has announced a scorecard system that will allow manufacturers and their materials suppliers to rank their current use of packaging. Scores given on several relevant categories including: greenhouse gas emissions produced per ton of packaging, raw material use, packaging size, recycled content, material recovery value, renewable energy use, transportation impacts, and innovation. As of June over 3,100 of Wal-Mart’s 60,000-plus vendors had used the online scorecard.

The scores are broken down as follows:
 15% based on GHG/CO2 per ton of Production
 15% based on Material Value
 15% based on Product / Package Ratio
 15% based on Cube Utilisation
 10% based on Transportation
 10% based on Recycled Content
 10% based on Recovery Value
 5% based on Renewable Energy
 5% based on Innovation

A demo of the scorecard system is on the scorecard library which can be accessed from the *MediaPack* website, www.mediapackonline.com

Beginning in 2008, Wal-Mart will make purchasing decisions based on the scorecard results, and the policy will force manufacturers in a variety of sectors to reexamine their packaging processes.

A ‘packaging fair’ held last March at Wal-Mart’s Bentonville, Arkansas headquarters illustrated how the scorecard approach rippled through from buyer to vendor to packaging supplier. “We would have a DVD vendor there with our buyer and with the DVD vendor’s packaging supplier, all in the same place,” explains Kevin Thornton, a Wal-Mart spokesperson.

That sequence of events is already taking place with dozens of suppliers. At least two packaging suppliers have been asked by their clients to participate in what Wal-Mart describes as a

Wal-Mart are placing green issues at the top of their agenda

voluntary process but is one that the giant retailer promises to vet very carefully. "We're giving our suppliers one year to key in the information and we will then hold them accountable to the data on the scorecard," says Thornton.

Packaging companies prefer anonymity when it comes to discussing their concerns vis-à-vis the big-box retailers like Wal-Mart, who have enormous influence on the direction media packaging takes. However a common question is

scorecard is the point of origin of the packaging, and the end is when it is joined to the product that it is going to package," he says.

However, packagers have further questions. "Packages will sometimes pass through several points before being joined with the disc; how do you measure that?" asked one. Another packaging executive points out that, "The packaging isn't usually discarded when someone buys a disc, so can the packaging really be measured separately

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whether or not Wal-Mart will, under the 10% transportation category on the scorecard, factor into their scores the long-distance shipping portion for packages that come to the US from Asia. Thornton told *MediaPack* that trans-Pacific shipping would indeed be included in any emission counting from transportation. "The starting point to measure any packaging on the

from the disc itself? And since the packaging stays with the product, does packaging get 'points' for being green?"

Thornton acknowledged that the data the scorecard seeks to analyse is complex and not all values are easily arrived at. "It could require some suppliers to use third-party service providers to measure certain things," he says. That could be

What's in your package?

The number of DVD cases made from regrind, chopped up plastics from other applications, including some, such as batteries, that contain toxic materials – has alarmed some packagers. In response, trade association IRMA is to introduce a standards initiative later this year that will set minimums for various types of materials that go into plastic boxes. Guy Finley, associate executive director of IRMA, said the initiative was initially conceived several years ago, anticipating the 'green' movement now under way in many commercial and industrial sectors.

"It was prompted by the membership of the organisation," says Finley. "They wanted to be able to establish standards themselves based on their extensive knowledge of the issue." Finley also agrees that packaging materials standards would contribute positively in regards packaging logistics. "It could certainly lessen handling concerns," he said.

costly, but given Wal-Mart's overwhelmingly dominant position in the retail chain, not measuring up – or not measuring at all – could be even more expensive. ●