

The competitive advantage of contract packaging

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In today's competitive FMCG sector, a product's packaging is no longer just an extension of the manufacturing process. Nor is it just about protecting products and enhancing their functionality. Packaging is now a critical component of brand owners' marketing strategies.



While packaging companies and FMCG manufacturers generally focus on a specific industry where they excel at providing highly customised packaging solutions, contract packers (also known as co-packers) package products for their customers – usually original equipment manufacturers (OEMs) and brand owners.

The benefits of outsourcing product packaging to co-packers is a global trend that offers a competitive advantage for manufacturers. Not only can OEMs and brand owners take on larger projects and increase their product lines without having to increase their personnel and equipment costs, but they also benefit from the expertise of companies that specialise in providing contract packaging as a service.

While manufacturers focus on creating the best products, co-packers help to increase speed to market. They optimise their space and labour, they understand the product and its packaging, and their staff, equipment, training programmes, and software are all tailored with packaging solutions as their primary focus. This makes their processes faster, more specialised and cost-effective and, ultimately, giving manufacturers a competitive advantage.

Compelling reasons for outsourcing packaging to a co-packer include:

Savings – On overheads, space, labour costs, technology and machinery. Contract packers also build relationships with raw material and equipment suppliers, such as Pyrotec PackMark, to ensure they remain abreast of advances in technology and up to date with the latest equipment for optimised line speeds and operational best practices. There are also economies of scale to consider because of the large machinery and material volumes with which co-packers work.

Efficiency – It's the business of a co-packer to specialise in efficiency. They have established production processes that identify and eliminate waste and provide the greatest value.

Speed and flexibility – Getting products through the packaging line and out the door as fast as possible is a co-packer's goal. Their resources are entirely focused on packaging and their personnel are used to changing product demands – new sizes, SKUs, and seasonal promotions as primary examples.

Latest technology – Contract packers have up-to-date technology and equipment that provide high-quality, efficient solutions for even the most demanding packaging requirements. Instead of investing in machines that may only be used

periodically, and that take up valuable space when not in use, it's the contract packer who carries the burden of optimising the equipment's output.

Pyrotec PackMark offers an extensive range of coding, marking, and labelling equipment to companies ranging in size from startups to multinationals, as well as to co-packers operating across many industries.

For more information about coding, marking and labelling equipment that keeps co-packers abreast of the latest technology, visit www.pyrotec.co.za.

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