Product: AirSpeed HC12 and Microfoam

IPS Packaging's Hybrid Air Cushioning System Trumps Peanuts

IPS Packaging improves operations with a quicker, more efficient packaging operation.

ADVANTAGES:

Decrease in pack time by 30 seconds

Damage reduction of 14%

System increases usable space at the DCs

Reduction in freight cost

Average 50 hours/ week saved in labor

Increase in valuable warehouse space

Prominent retail chain switches to AirSpeed HC and Microfoam from Geami and loose-fill peanuts

Pregis products/equipment:
AirSpeed hybrid inflatable cushioning system HC12 Large (1 1/4-inch cell height, 12-inch wide web, 1250 foot rolls) and Microfoam polypropylene 1/8-inch sheet foam.

Execution of Pregis Value Proposition:
The sales process followed with this customer exemplifies the value that Pregis can provide to an end user. It began with a distributor wanting information on one product but was won with application based selling and a focus on the customer's organizational goals including:

1) Product Solutions:

For several years, a major US retailer had been using a combination of Geami and cornstarch-based loose-fill peanuts to protect internet orders shipped from its five distribution centers (DCs). Many of these products were fragile items such as housewares, glass, and china. Geami was used to wrap individual order components. Loose-fill peanuts were used to create a two-inch bottom "bed" in the case before the items were placed inside. The shipper was then filled to the top with additional loose fill prior to case sealing.

Tagging 2010 as the "year of the customer," the retailer wanted to find better protective packaging solutions to address shopper concerns.. A Pregis distributor got the ball rolling and testing quickly expanded into high volume locations in Georgia and California. Pregis proposed that the customer use AirSpeed Hybrid Cushioning to replace the messy loose-fill and transition to Microfoam to wrap the materials.

By performing pack outs and drop test analysis, the tests were able to show that by switching to Microfoam, the customer could reduce the warp required from four to two times. This not only significantly reduced the amount of primary cushioning material, but also decreased the pack time by 30 seconds per order. It was also proven by the testing that the combination Microfoam/HC12 approach reduced damage by a significant 14%. The solution required less physical space within the case, so the retailer was able to reduce the shipper sizes used by their DCs.

2) Operational Excellence:

The customer's entire packing process was reviewed instead of limiting the audit to just the packing materials. The proposed HC system was supported by a custom-designed delivery system for one of the distribution centers. Continuing on the holistic sales path, the team inquired about the time and resources required for storage and handling of the current protective packaging products. Pregis was able to show that transitioning to a hybrid cushioning solution could reduce the number of man hours needed to handle inbound shipments by 1790 hours/year. This was accomplished by eliminating 702 deliveries, which reduced freight costs and improved the carbon footprint.

One of the retailer's most valuable assets - its employees - also benefitted by the materials switch. They no longer had to contend with messy loose-fill particles which clogged the delivery system in warmer, more humid weather nor did they experience paper cuts from handling the Geami. An average of 50 hours/week of labor costs was eliminated by the conversion. In addition, the customer was able to free up a significant amount of valuable warehouse space. The ability to create a proprietary delivery system which improved the customer's process, improved labor and better protected products, made it possible for Pregis to secure a long-term agreement.

3) Best Total Cost-In-Use:

The combined impact of the material and labor savings, operational improvements and damage reduction, made this a compelling decision. The best solution was put in place at the three DCs at the end of 2010. An additional two DCs were converted the next year.

4) Environmental Solutions:

The customer's current packaging materials had been chosen based on their environmental benefits. However, the HC and Microfoam combination was actually found to be equally, if not more, environmentally responsible when the following advantages were considered:

- Source Reduction - reduction in packaging materials, reduction in waste in landfills
- Reduced inbound freight costs by 2/3 - saves energy and reduces carbon footprint
- Reduced outbound costs by downsizing the shipping containers and improving truck cube-out
- Microfoam in photodegradable
- HC Cushions are reusable and the film is 100% recyclable (#4 LDPE)

5) Positive Brand Image:

The company had been receiving consumer complaints about the messy loose-fill and receiving damage reports - particularly on its more fragile products such as china and other delicate housewares. The HC and Microfoam solutions has a much more appealing look. Microfoam has a clean, white appearance and HC cushioning materials are transparent and mess-free. Customers no longer run the risk of throwing away items that were left in the box because they were hidden under a pile of messy loose-fill.

Maximize your equipment efficiency.

To find out how you can streamline your packaging process and learn about cost savings opportunities, contact one of our highly qualified packaging specialists! Call us today at 800.277.7007

Total Packaging Cost Summary:

Material = consume signficantly less packaging materials
Freight = reduced inbound freight costs by 2/3, reduced outbound freight costs by downsizing the shipping
            containers and improving truck cube
Labor = eliminated 702 deliveries, a total of 1790 hours/year reduction in labor
Space = drastic increase in warehouse and pack-station space due to the removal of loose-fill
Damage = 14 % reduction
Sustainability = reduction of material added to landfills, reduction of freight reduces carbon footprint