

HOW TO CHOOSE THE MOST ECONOMICAL SHIPPING CONTAINER SOLUTION



To stay competitive, retailers today are looking for cost efficiencies throughout the distribution system. Transport packaging is one of the areas under common review. A realistic comparison of packaging alternatives for shipping fresh produce –conventional corrugated, Corrugated Common Footprint and returnable plastic containers (RPCs)–requires a careful consideration of at least nine cost “sensitivity factors.”

When all these factors are considered, the true system costs and savings potential offered by different packaging alternatives can be better understood, helping users avoid expensive mistakes in shipping container selection. Comprehensive analysis shows that corrugated alternatives almost always prove to be the most cost-efficient. The nine sensitivity factors are:

1. Payload efficiency.

Studies show that corrugated containers allow higher shipping density than RPCs, requiring fewer truckloads per unit volume shipped and significantly lowering the cost of transportation.

2. Distance traveled.

The longer the distance traveled, the greater the savings offered by corrugated alternatives, due to lower weight and better cube utilization. Even in a very short distribution system, corrugated may still be more cost-efficient.

3. Corrugated cost.

The cost of the container must be considered in any true supply-chain cost analysis. Corrugated has a long-established history of providing cost-effective packaging solutions for produce and other goods.

4. RPC washing cost.

The cost of refurbishing, washing and sanitizing RPCs can have a great impact on total supply-chain economics, since it occurs with every trip the container makes. Corrugated containers save money by requiring none of these reprocessing steps.

5. RPC backhaul cost.

RPC users must pay to backship empty containers from the last point of use back to the point of first use. No backhauling is necessary with corrugated containers since they are recovered and recycled for profit.

6. RPC replacement cost.

Surprisingly, variations in RPC replacement costs do not affect overall system economics very much, because only a fraction of the RPCs in the float are replaced each year.

7. RPC cycle time.

The longer it takes for RPCs to complete a round trip, the higher the float of containers needed in the system and the higher the cost. Conversely, specifying a smaller float will lower costs. The float of containers needs to be based on realistic cycle times to avoid serious container shortfalls.

8. RPC useful life.

Assumptions made about RPC useful life will have an impact on total cost comparisons. Be sure to realistically evaluate the number of trips an individual RPC can make before it must be replaced.

9. RPC loss and theft rate.

A fact of life, loss and theft of containers adds to the annual attrition cost of RPCs and must be considered when comparing total supply-chain costs.

Conclusions:

Your numbers are the important ones.

Each of the nine cost sensitivity factors is associated with specific values that you can reasonably supply or estimate based on data from reliable sources.

Total cost is the only cost that counts.

Some sensitivity factors may appear to be favorable while others may not. Don't let this mislead you. All of the factors interact to provide a total system cost, which is the only number of value in evaluating container alternatives.

When in doubt, ask for help.

Any corrugated supplier can, at your request, plug your numbers into the Full Disclosuresm computer model, or advise you on how to set up the spreadsheet if you want to do the analysis in-house. For more information or to arrange a cost-analysis consultation, call the Corrugated Packaging Alliance at 800.886.5255, or visit online at www.corrugated.org.

Full Disclosure was developed by the American Forest & Paper Association (AF&PA) and the Fibre Box Association (FBA). The Corrugated Common Footprint Standard was developed by the Fibre Box Association and member companies.

The Corrugated Packaging Alliance (www.corrugated.org) is a corrugated industry initiative jointly sponsored by the American Forest & Paper Association (AF&PA) (www.afandpa.org) and the Fibre Box Association (FBA) (www.fibrebox.org). Its mission is to foster growth and profitability of corrugated in applications where it can be demonstrated, based on credible and persuasive evidence, that corrugated should be the packaging material of choice; and to provide a coordinated industry focus that effectively acts on industry matters that cannot be accomplished by individual members.

