

The Corrugated news

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Dermot Smurfit

✓ FEFCO President

Dear readers,

You have now received the first issue of "Corrugated News". Four times each year, this newsletter will inform you about the latest news from the European corrugated paperboard industry and its products. Through this media we would like to show you how high-performance corrugated packaging can contribute to your business success.

Corrugated board is the number 1 transport packaging material for fruit-and-vegetable logistics in Europe. More than 70% of sensitive products are shipped in crates made of corrugated board. Why? The decisive advantage is its flexibility. The boxes can be delivered and individually tailored to your needs or provided in standard sizes that are guaranteed to be ideal for stacking purposes. Corrugated board can be easily

printed, it's an effective marketing tool that can play a significant role in promoting your products. The current issue of Corrugated News will inform you of how to take advantage of these and other benefits of corrugated board.

I hope you enjoy reading our first issue, and I look forward to receiving any comments or requests you may have.

Yours sincerely,

Dermot Smurfit

Corrugated board – plastic 2:0

International studies confirm the ecological and economic benefits of corrugated board over plastics

The winner and defending champion in the competition for the best transport packaging material for fruit and vegetables is corrugated board. It scores especially high over plastic crates in the key disciplines of ecology and economics. International studies analysed by FEFCO in Germany, Spain, and Switzerland clearly confirm the advantages of corrugated board – while underscoring its primary benefits in the areas of environmental impact and cost effectiveness.

Environmental impact: corrugated board beats plastics

From an ecological perspective, corrugated board simply can not be beaten. This exemplary recyclable material is comprised solely of organic materials: paper and starch-based glue. In Europe, nearly 70% of corrugated board is recycled. In addition to this, numerous studies show that this packaging material is far more ecologically friendly than plastic containers. For example, in a life-cycle study (Life Cycle Analysis, LCA) conducted in November 2005, by the Institute of Packaging Technology, Transport, and Logistics, Valencia, in cooperation with the Polytechnic

University of Valencia, Spanish scientists identified environmental impact factors and the costs for transporting fruit in both corrugated board and plastic crates "from the cradle to the grave". The most important finding in terms of environmental impact: the manufacturing of corrugated board impacts the environment less than the production of plastic packaging. Corrugated board, for example, minimizes effects on climate change.

Similar results coming from a study conducted by an interest group for corrugated board manufacturers in Switzerland, the IWIS (now known as "Wellkarton Schweiz" or WS) focused on CO₂ emissions generated by transporting goods. The results speak for themselves: the greater the transport distance, the more ecologically advantageous corrugated board becomes. For medium and long-haul distances, corrugated packaging is clearly the packaging material of choice – regardless of whether it is transported by

truck, ship, or rail. Environmental and economical costs for return shipments and high-energy cleaning processes are eliminated entirely.

Cost-effectiveness: plastic lags behind

A German study conducted in 2006 by the packaging specialists Berndt & Partners confirms that corrugated packaging is the most economical solution. The German Association of Corrugated Board Manufacturers (VDW) commissioned the institute to conduct a study that determines the total cost of transporting apples. Boxes made of corrugated board were compared with crates made of plastic from IFCO. The framework of the study consisted of shipping boxes containing 7 kilograms of apples on a 350-kilometer journey that went from orchard to warehouse to retailer. What were the essential findings of the investigation? Packaging solutions using corrugated board were 13% cheaper than those using plastic. In absolute numbers, the expected



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packaging cost for transporting 1,000 kilograms of apples in plastic crates was approximately 207€. While the cost for the same performance using corrugated board was approximately 183€!

The study's credibility lies in its highly accurate calculations. Here's why: all factors – such as prices, handling times, distances, and pallet utilization – were correctly identified, and if there were any uncertainties, the plastic packaging was given the benefit of the doubt.

Spain: 43 % advantage for corrugated board

Findings of the German market researchers are supported by the study from Valencia cited above. For a reference model, this study chose the transportation of tomatoes in packages weighing up to 7kg. They were shipped in refrigerated trucks from the growing sites in Almería, Spain, to Hamburg, Germany. This is a very representative example, especially when you consider that tomatoes are Spain's leading

export produce and are mainly exported to Germany.

As a result, the cost of using corrugated board boxes is fundamentally lower than the use of plastic packaging – when calculated over the entire life cycle of the materials. The procurement costs for corrugated board alone are approximately 14 % lower than the cost of leasing – and paying the deposit on plastic containers. Based on the assumption that used corrugated board will not be

sold to a waste management company, the life-cycle cost per corrugated board box is between 26 % to 41% (.211 cents to .337 cents) lower than the cost of using comparable plastic packaging. (Cost differences vary depending on whether or not the price of returning and cleaning the empty plastic crates is included in the calculation.) If you also take into account the proceeds from selling the used corrugated board, this natural material is as much as 43 % (.348 cents per plastic crate) cheaper.

Conclusion

- ✓ A wide range of international studies confirms that the ecological and economic advantages of corrugated board over plastic packaging materials are truly substantial – 2:0 in favour of corrugated board!

Interview with Karl Schmitz

- ✓ Managing Director of the National Association of Producer Organizations for Fruit and Vegetables e.V. (BVEO), Germany



- ✓ Member of the Advisory Committee for the EU Commission
- ✓ Member of the Technical Advisor Committee for Fruit Logistica, the world's largest trade fair for fruit and vegetables
- ✓ Member of the "World Apple Pear Association"
- ✓ Managing Director of the "German Fruit Export GmbH"

"The trade decides on the type of packaging that is used."

- ✓ **Mr Karl Schmitz, do you consider colour-printed packaging for fruit and vegetables is suitable for promoting sales?**

They are good for promoting sales when the printing is easily visible and understandable at the point of sale. On slanted shelves, it is rare that all four sides of a box are visible to the consumer. The creative diversity of corrugated board boxes, however, can be very helpful. This is especially true when consumer information and brand messages can also be printed on the boxes upper inside lining so they are easily visible to consumers buying the produce. Currently, I regret to say, there is a tendency towards anonymous, uniform packaging materials which offer the consumer little, if any, guidance.

- ✓ **How important is a suitable commercial and consumer presentation?**

For the packer (e.g. the producer) it is becoming more difficult to come up with his own brands and designs. The retail trade is increasingly using its own house brands. Thus, retailers decide on the nature and look of the packaging used. After all, retailers also want to take advantage of benefits that corrugated board packaging offers for their brands.

- ✓ **To what extent does corrugated board meet logistical and economic requirements?**

Today's corrugated board and plastic reusable containers both meet the logistical requirements for most applications.

From the viewpoint of the food retailing trade, however, there are several good reasons in favour of corrugated board. One is its easy and lucrative disposal. Used corrugated board is a popular raw material for producing recycled paper products. Instead of having to pay to have the board removed, it has become a significant source of revenue. This economic advantage is a decisive factor for the food retailing trade's preference for corrugated board.



✓ **Do you use modular corrugated board packaging which meets the FEFCO's common footprint standard?**

Yes, our associate producer organizations, foreign and domestic food retail trade suppliers, use modular cardboard boxes that are specifically advertised, produced, and supplied by carton manufacturers.

✓ **What are the benefits of standardised packaging materials for transporting fruit and vegetables?**

To begin with, they ensure optimum utilisation of the available pallets. This saves both space and money. They are safe and easy to stack, which minimises the risk of damage during transport.

They also facilitate handling and meet the demands for goods received and/or shipped in every conceivable storage and transport facility.

✓ **To what extent do corrugated board boxes enable an efficient implementation of RFID technology?**

The use of RFID technology for transporting fruit and vegetables is still in the testing phase. Acting as a representative for the pre-suppliers, we have brought together a panel of experts. They have been working together for some 18 months now. Their job is to find ways of streamlining the system before we proceed with a large-scale launch. It would be disastrous if we,

the packing and shipping firms had to comply with multiple standards that included different systems for different companies or containers. We have nothing against fair competition, but we are in favour of reliable standards – such as those provided by the RFID – whether they are reasonable or feasible.

Ideal partners

- ✓ Delicious fruits and corrugated board packaging made of natural raw materials.



Printing as a success factor: suitable corrugated packaging provides sales support

The eye dines, the mouth eats! This is Marketing 101 when it comes to presenting fruit and vegetables in the supermarket. Because colours are a real "eye catcher," consumers are particularly inclined to buy when produce is presented in an appetising way. Colourfully printed corrugated board boxes increases sales. This is especially true for fruit and vegetables. Why? Normally speaking, these products do not use another form of primary packaging. Therefore, the boxes in which tomatoes and apples arrive are the only available medium for communicating to the consumer. This means that they should be appealing to the eye and encourage the buyer to take action. This is precisely

what corrugated board packaging does. Every day. Everywhere. Worldwide.

Printed packaging makes the difference

Corrugated packaging gives brands and the products they represent their distinctive appearance. Colourful printing draws the consumers' attention and helps to ensure robust sales. This is because 70% of purchases made in supermarkets are spontaneous. Thus, most customers do not decide on what they want to purchase until they are actually standing in front of the vegetable counter or at the display shelf. The purchasing decision is virtually instantaneous. Eye contact is fleeting and the

packaging only has 1.6 seconds to arouse the shoppers' interest. In addition to this, within a 30 minute visit to the supermarket, a typical shopper is confronted with approximately 15,000 products. At some mega-stores, this number may even be as high as 80,000! As a result, a product's sale-ability can be significantly enhanced if – within this brief time span – it is able to benefit from the communication advantages of an impressively printed corrugated board package.

These facts are confirmed by eye-tracking studies based on field-view analyses. Here, test shoppers are equipped with helmet cameras which record precisely those objects that attract the buyers' attention. Studies have shown that the vast majority of customers are attracted by products which are presented in conspicuously printed packaging. Thus, printed packaging is the number one purchasing factor for many pro-





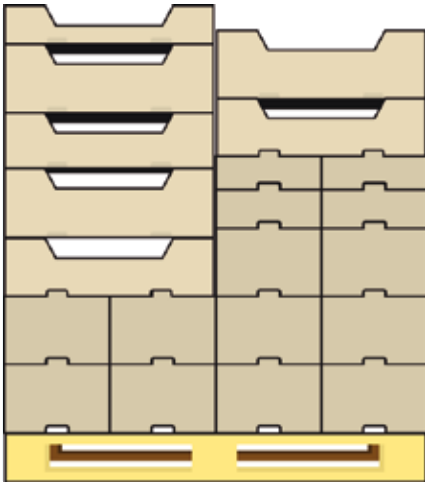
- ✓ Corrugated board packaging attracts buyers' attention because it is of high-quality, multicoloured printing.

ducts. Experts point out that colourful, time-limited presentations, shelf packages, and displays are especially effective when it comes to attracting the consumers' attention. This means that the effects of packaging and trade marketing are continuing to increase in importance.

Corrugated board ensures attention and sales

Packaging made of corrugated board is ideal for attracting attention. It is because it conveys information and messages precisely to the consumer at the point of purchase in the fruit and

vegetable departments. No wonder the number of corrugated board boxes consistently continues to increase in this area. More and more goods are now being sold directly from the box. With this in mind, it will come as no surprise that shelf-ready packaging is now a major marketing topic. Its goal is to make the goods as attractive as possible, to lure consumers into taking action, and to minimise employee handling costs. Discounters, for example, who must reduce sales activities and minimise services, appreciate the vital role corrugated board packaging has to play.



More information

- ✓ A "common footprint" represents the optimum use of space on transportation platforms of virtually every kind.
- ✓ You can download the FEFCO information sheet on the CF standards from their website on www.fefco.org.

Save space – reduce costs

Why is it so easy to provide corrugated board boxes that are standardised, modular, and no problem to stack? They have one common footprint (CF). CF corrugated board boxes, with the market-standard 600 x 400 mm and 400 x 300 mm sizes, make it possible to transport fruit and vegetables throughout Europe with ease. FEFCO, the European Federation of Corrugated Board Manufacturers, was instrumental in introducing this standard (which also complements Europallets with standardised dimensions). CF crates precisely fit onto Europallets without gaps or overlapping. The connector system they use makes it possible to place CF boxes from different European manufacturers onto a single pallet, and the height of the boxes can vary as required – thus providing an optimum solution for fruit and vegetables of different sizes. No wonder logistics using corrugated board boxes is so efficient!

A perfect fit: efficient logistics with the FEFCO standard "common footprint" for corrugated board boxes

Flexibility and versatility are the primary advantages of corrugated packaging materials. For this reason, corrugated board boxes used for fruit and vegetable logistics are often tailor-made for individual customer requirements. This means that customers get packaging materials that are precisely suited to

their needs. In addition to this, efficient stacking capabilities and the efficient use of space are important logistical demands that the modular design of corrugated board boxes can easily meet.

**CORRIE
CARDBOARD**

BY Skydog

**AFTER WORK
IS DONE**

