

# BCN

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Vanguard's Mathes Tells Show Attendees:

## How To Save On Display Costs For Customers

by Anna Dutko Rowley

**T**he goal of the retailer is to make a profit [by] selling your product," Mark Mathes, President and CEO of Vanguard Companies, told attendees at the In-Store Marketing Expo held in Chicago, Illinois last month. "He will push as much of his cost of ... your product off on you as possible," he said. Suppliers need to determine how to control the costs of displays so that they can remain cost-competitive for retailers.

Mathes cited many advantages in using corrugated displays:

- It's fundamentally the lowest cost option, compared with alternatives;
- It's the lowest in prototype costs;
- It has the fastest concept to market time; and
- It enjoys the lowest in-store safety liability.

### Helps The Environment

Many end-users are looking at ways to be more environmentally friendly with their packaging products. "Most corrugated sheets have a 60-70 percent post-consumer recycled content - promote this aspect," Mathes urged. "A retailer either sells baled paper or pays for a dumpster. Create savings for the retailer and promote [recycling corrugated]. If you have not already done so, an environmental sustainability initiative must become a part of your sales strategy."

The single largest cost component of a display is paper, he said. "The hunt for savings always starts here," said Mathes. A typical display will have between 30-45 percent of the selling price as paper cost; this figure can easily jump over 50 percent if a laminated

label is included. "Reducing paper content saves money and dovetails nicely with the retailer's 'green' goals," said Mathes.

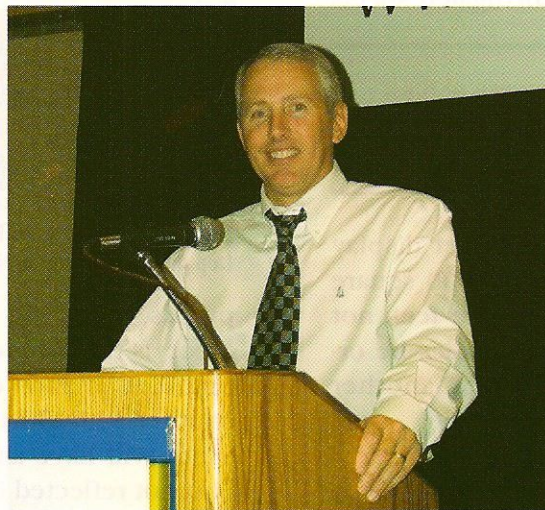
### Know Linerboard Grades

The first step in reducing paper cost is to reduce the basis weight of the linerboard. Mathes gave the attendees a list of cost savings by switching linerboard weights:

- 275 lb. to 44 ECT - saves \$6.94 per MSF;
- 250 lb. to 40 ECT - saves \$6.54 MSF;
- 40 ECT to 200 lb. - saves \$2.47 MSF;
- 200 lb. to 32 ECT - saves \$4.20 per MSF;

- 275 lb. to 250 lb. - saves \$5.95 per MSF;
- 44 ECT to 40 ECT - saves \$5.24 per MSF; and
- 40 ECT to 32 ECT - saves \$7.01 per MSF.

If a display order has 50,000 square feet and the supplier can take each board grade down one step, saving an average of \$6 per MSF, the savings on the display is \$3,000, explained Mathes. "You haven't changed anything on the display by going down one increment."



Mark Mathes, President/CEO of Vanguard Companies, explained cost savings measures in display making to attendees at the In-Store Marketing Expo held last month in Chicago.

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## Test First

He warned that reducing board grades comes with an inherent risk. "Always test the finished display with full product load before confirming that a reduced board grade will work," Mathes said.

There are many aspects for suppliers to consider when reducing board weights. Mathes advised using an inexpensive shroud and never use stretch wrap without a protective shroud. "Use laminated V-board on all corners when warehoused or shipped double-stacked," he added. "Attach the floor of the display to the skid, if possible, to avoid sliding off the skid."

## Design Board Reductions

A reduction in depth dimension is another area suppliers can look to in shrinking costs. "A reduction in the depth dimension impacts all four panels for the greatest savings," Mathes said. He advised using board in waste areas to support critical areas.

Display manufacturers can also consider changing grades of white board for savings. "If [you are using] direct flexo printing, consider changing from bleach white to oyster white. On average, oyster white liner-board is \$10.84 per MSF cheaper than bleach white," said Mathes.

Another way for manufacturers to save on board costs is to combine sheet orders. "Corrugated sheets

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**Purchasers of displays should be aware of their graphics and structural design options, Mathes said.**

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are priced per item. A 500,000 square foot display [order] could easily be 10 orders of 50,000 square feet. Pricing gets based on 50,000 square feet, not 500,000. Insisting on all sheets of like grades be ordered as a cumulative total could knock another \$2.50 per MSF off the paper cost," Mathes said.

## How Graphics Impact Costs

There are three primary graphics options available for designing displays: Direct flexographic printing; traditional lamination; and singleface lamination. The advantages of using direct-flexo include good efficiencies at high volumes. It's also the most cost competitive on repeat runs. On the other hand, the printing dies for direct printing can be expensive. The benefits in using traditional lamination are excellent print quality and low plate charges. A disadvantage in using this option are that CTP (Computer-To-Plate) charges need to be factored in the equation. Single-face lamination is very competitive at high volumes and uses one less liner, which reduces board content.

The cons of using this method are CTP charges and a lack of cost effectiveness for small volumes.

And costs can vary widely, he noted. For example, on a size 35-inch by 50-inch four-color process plus 1 PMS, varnish order on a quantity of 1,000 sheet, the difference between using traditional lamination and direct flexo can be \$5 per sheet or \$5,000 per order, explained Mathes.

It's essential for suppliers to know the keys to graphic selections, such as the size of the corrugated sheet, size of the graphics area, quantity of the order, and order repeatability. "You need someone who can handle [these calculations on] all three printing options in house," said Mathes.

## Tooling - Silent Order Killer

Mathes described the cost of tooling as a "silent order killer." He used an example of theoretical order of 500,000 square feet made up of 10 individual



**Suppliers can save on board costs by switching from bleach white (top piece) to oyster white (bottom piece).**

pieces, requiring nine cutting dies with the 10th piece as the shipper, which will likely use rotary cutting dies. "If each die averages \$1,250, the order has another \$11,250 in cost over the run charges. This order will have an additional 11 percent in tooling cost not reflected in the run cost," he said.

Vendors tend to default to using rotary cutting dies, noted Mathes. Flat dies run about 60 percent of the cost of rotary. "[In the above theoretical order], moving five rotary dies to flat dies saves \$2,500 in tooling costs," he said.

Mathes listed other ways suppliers can save on display costs. "Create a tooling and styling library - Don't reinvent the wheel. We see too many people re-designing the same order over and over," he said. Suppliers can create generic displays but change the art. "We have one customer with three different display units that uses the same piece every time, but just changes the graphics."