

Total Cost VS. Unit Price: How To Get The Best Deal On Packaging

Packaging is a competitive market. Often packaging suppliers will come to you with a low unit price to secure the deal. However, that great deal can turn sour quickly when your lead times are long or you can't reach a real person when you have an issue. This is when you start seeing your total costs start to rise.

In addition to the total unit price, total costs include all additional costs incurred by choosing that particular vendor. Consider all aspects, including lead times, quantities, packaging design, and accessibility. The choice you make in choosing a packaging partner can either add value or add to total costs.

Lead Times

Right now, long lead times are a common concern in the industry. Integrators typically offer lower unit prices on volume purchases because they are vertically integrated, owning everything from forests to sheet plants. However, many of these companies are backlogged and will give preferential treatment to very large customers. Often the small to medium-sized orders get pushed out, extending lead times.

What does it cost you to have a delay? Are your orders going to be late as a result? Will your customers be upset and possibly go elsewhere? Maybe you will compensate by stockpiling boxes so you don't run out?

Minimum Quantities

Stockpiling boxes or having to buy minimum quantities to get lower unit pricing also increases your costs. First, you have to warehouse them. This is space that could be used for salable products. Second, buying minimum quantities for SKUs that aren't high volume sellers can be wasteful. If a product becomes obsolete, you've purchased boxes you don't need. And a box's strength deteriorates over time, particularly if exposed to temperature fluctuations and humidity. Using boxes past their prime can cause product damage if the box fails.

Packaging Design

Companies that are offering low unit pricing are not providing any level of customization. Some products are fragile, some are heavy, some have surfaces that need extra protection, and some are odd-shaped; the same type of packaging won't be cost-effective for each of these product types. Buying off-the-shelf packaging may cost you more in the long run if your product isn't adequately protected using suitable types of materials.

Standard-sized boxes may leave a lot of space around the product. To prevent it from bouncing around during shipping and handling, you will need to add excessive packing materials. These additional materials wouldn't be needed if the box was designed to fit your product. Plus, if you are working with a packaging manufacturer that optimizes your packaging, they can work with you to see if consolidating SKUs or increasing case counts may be an option.

Accessibility

Today, calling customer service can be a nightmare when you are met with an automated system. How many times have you found yourself saying, "I just want to speak with a person" or desperately hitting "0," hoping it will lead to a real person. Delays caused by trying to reach a person add to your total cost. Having accessibility to a live person saves you time, which saves you money. Plus, when you have a relationship with your packaging supplier, they can often anticipate issues and proactively engage in a resolution.



Working With Tyoga

When you partner with Tyoga, you are partnering with an independent corrugator that has an intimate understanding of how your cost for packaging goes beyond the unit price. We strive to provide an experience that reduces those extra costs.

As a part owner in a sheet feeder operation with access to the largest paper mill system in all of North America, we can provide innovative solutions using various liners and mediums. Whether you want packages faster, more colorful, lighter, stronger, cost-effective, or easier to assemble, we can meet your most challenging needs.

Right-Sized: We are small enough to be readily accessible but large enough to tackle your biggest challenges. You can have peace of mind knowing you won't get pushed aside for other customers.

Nimble: Full truckload or less than a truckload, unplanned changes in your schedule, inventory management needs – whatever you need, our speed and flexibility can save you time and money.

Innovative: We will meet your most extreme needs with proactive solutions that reduce costs, enhance performance, or solve problems.

Empowered & Accessible: In a fast-paced business, you don't have time to wait for answers. Our people are not only accessible but also have the experience to meet your needs quickly.

Contact us to get started and experience the Tyoga difference as we help you plan, pack, protect and ship your products.