

# Outsourced Co-Packing for Successful Goods Promotion

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An outsourced co-packing service guarantees successful goods promotion on the market. In past decades co-packing services dedicated to finalizing goods before their offering for sale became an integral part of the supply chain and successful business.

In the opinion of Hugues Laurent and Thomas Latil, co-packing specialists, the sales time frame and volumes are governed considerably by such processes as packaging, preparing lots and repacking final goods. It is known that co-packing could be rendered within a company as well as by means of outsourcing services. This issue is thoroughly analyzed by manufacturers, and as a rule, professional providers are chosen for these activities. Why?

First, goods production requires a certain standardization, and it is not always clear how, where and within what kind of action these goods would be sold. During the final stage of goods preparation, products are individualized according to market needs by means of co-packing services. Thus, the larger manufacturers create separate outsourcing co-packing centers where all their products are treated regardless of the manufactory location.



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In order to optimize transport flows, distributive centers are used and may later become a place for final preparation of goods.

Second, co-packing projects require a special dedicated area, expensive equipment as well as qualified staff that would mainly be used during marketing actions. But a professional provider uses these resources on an ongoing basis due to the large volumes, which allows operational costs to be lowered significantly.

In addition, even the simplest co-packing operations require professional organization of production lines, which tends to be impossible without qualified staff experienced in this area. Otherwise, to organize operations using the company's own resources might take much time.

Based on its experience, a professional co-packing provider possesses a larger range of design ideas, whose realization takes him much less energy and resources compared with the manufacturer.

In any case, during the period the marketing department gets an idea up to the moment that the goods hit store shelves, market tendency may change. The professional provider of co-packing services ensures saving much time on the project preparation and makes goods hit the shelves in the shortest time possible.

Flexibility, fast response, innovations and favorable price are the key figures of outsourcing. This concept of delayed product identification must be provided at the latest stage of the supply chain. The latest the product or the packaging can be modified, the more flexible the sales reactivity can be. If promo actions are done at a too early stage, it results in low time reactivity to customers' demand. This can be compensated by producing a higher quantity

of sets, with the risk of discrepancies of the volumes with the final needs, as well as the issue of related costs.

There is another activity that is on the border between mass production and co-packing: co-manufacturing. This activity is more and more required by companies. Indeed, while co-packing is about secondary packing, co-manufacturing concerns primary packing. As examples, it can be filling gum boxes, assembling production of pens or customizing modems at the latest stage.

For the food market, it means that naked products are manipulated, and as a result specific conditions must be respected for the production: white room, hygienic laws and cleaning installations. As previously said, it's very close to mass production, so the volumes to be produced are very important — thus, the development of a specific machine that produces with a high output. The gains for the first producer are in terms of surface, cost and reactivity to the market. It can also be the opportunity to the industries to have only one packing center strategically located in order to optimize distribution costs.

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