



TAPPI CORRUGATED PACKAGING DIVISION

Finding Your Perfect Fit

SuperCorrExpo® 2016, the largest trade show in the Western Hemisphere for the corrugated packaging and folding carton industries, will offer a value-packed four days of innovation, demonstration and education from October 17-20, 2016. Staged for the first-time ever in Orlando, FL, SuperCorrExpo® promises to be an extraordinary opportunity to see and experience a total concentration of industry resources—from multi-track workshops to 130,000 + square feet of exhibit space—for the expected 6,000-plus attendees, including suppliers, converters and box plant executives.

TAPPI took a few moments to chat with Keynoter Ron Sasine, principal of Hudson Windsor LLC and former senior director of packaging procurement at Walmart, who gave his insights on the state of the industry and the value of SuperCorrExpo®.

TAPPI: Tell us a little bit about Hudson Windsor and what prompted your move?

Ron: I've been around the industry for a number of years. One of the things that I began to notice was that a number of the large packaging manufacturers were really looking for additional ways to understand how their product line lives and breathes at the retail shelf.

Packaging companies were reaching out and trying to understand how they could develop, innovate and manufacture in ways that were more conducive to the needs of the retailers and the retail consumer. But they always had to view those requirements through the filter of the consumer products company.

I began to reach out and look at how the packaging manufacturing world would benefit from greater visibility into the workings of and decision-making process at major retailers.

So I like to think about this business as being an advocate for the packaging industry, a problem solver for the consumer products industry and an asset to the retail business.

TAPPI: In that supply chain, packaging has a story to tell. It certainly does appear to be another touch point in the marketing journey of a product.

Ron: For fun, go to YouTube and look for "people opening Apple boxes" and it's fascinating.

I tell people as we get into this conversation that packaging is there to do three things: It needs to convey, it needs to communicate and it needs to convince. In our modern society, most of what we consume comes from a much larger travel radius than ever before. So it's critical that packaging can convey a product from farm, field and factory through a distribution network

to a point of sale and eventually to a consumer's home. So that "convey" is critical.

Throughout that process, a package needs to "communicate," and I'm not talking about communicating to the consumer. I'm talking about communicating to the channel partners about what it is, where it belongs, how it needs to be shipped or treated and what its eventual destination is. Those channel partners can be trucking companies, distribution centers, or FedEx and UPS. So that's the communicate part.

Then eventually, it's got to "convince" the consumer to buy the product and then it has to continually convince the consumer, in the home, to consume the product and eventually go back for a repurchase.

If you're doing those things as a packaging company, you need to be able to help your consumer products partner, or grower or whoever it is, understand that you do it better than anybody else.

TAPPI: When you're thinking about the online experience in general, how do you feel that the growth of Amazon and online shopping has affected the corrugated box business?

Ron: Well, there've been a couple of immediate impacts. Obviously, the corrugated box is a very dominant and important way to move product through that e-commerce distribution. As a result, there's been a large uptick and potential future uptick in the use of corrugated boxes to deliver products to homes and businesses, whether it's apparel or consumables or grocery items to home.

That was not the case three or five years ago, and it will increasingly become the case in the coming months. You only need to look at Amazon's development of Prime Pantry and Walmart's recent re-pricing and re-evaluation of its own subscription delivery product to see the role that corrugated packaging is going to play going forward in those two business models. Products need to get moved through a system that is not designed to move groceries. And the only way to get that system to move groceries appropriately is to get more corrugated and better corrugated into the delivery process.





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TAPPI: There's a lot of concern about environmentalism and sustainability. How are your clients reacting to a demand by consumers to have a smaller footprint but still be able to effectively move product?

Ron: So that is a very interesting and potentially longer discussion. Speaking of the corrugated industry, when you consider the fact that the raw material is essentially all naturally derived, is readily reusable and sourced from renewable materials, the corrugated industry is—from a packaging viewpoint—one of the best environmental stories that can be told. The pine trees that form the basis of the corrugated supply network are hardy and great at sequestering carbon. The growth of those pine trees that foster and form the foundation of the corrugated industry is a huge success story.

On the other hand, it's one of the most readily recycled and most broadly collected and recovered materials in the recycling industry today. Corrugated boxes generally use anywhere from 40 to 100 percent of recycled materials, so it's a great story in terms of where it originates. And it's an even more outstanding story in terms of the recycling process that has been well developed over the years to create reuse and recovery of the underlying fiber.

TAPPI: How are millennials affecting this industry?

Ron: They are driving all kinds of changes in the way packaging is perceived and viewed. Some of these drivers are well informed and based on good appraisal of the impact of packaging in the supply chain. Others are being driven simply by the different demographics of this group of consumers.

One of the things I'm working through with several of my large clients is how to plan for the millennial generation. The individualization of millennials and their desire for uniqueness and authenticity in many ways drives packaging decisions that are more focused on single-serve rather than large volume and the sort of bulk family purchase you would have seen a generation ago. And singles, in many ways, require more packaging materials per unit. So, from one point of view they might say, "Hey, I want this to be environmentally preferable." Yet the fact that they purchase in smaller quantities requires more packaging material for every unit of use. And that's a conflict.

TAPPI: Do you think that will change as these millennials start having families and need bigger units?

Ron: These folks are coming into their peak buying years, and they've grown up with packaging innovation being the normal way things are done. This is the first generation that went to soccer practice with Capri Sun pouches. And as a result, what seems modern and unique and individualized is absolutely the normal way things are done. They've essentially grown up with the

expectation that every purchase is uniquely for them, right then, in that moment, and not part of building a pantry that they take ingredients from to then cook. That's a big difference in the way they organize their consumption.

I'm fond of telling people, for example, at Fortune 500 companies: "The most important decisions that affect your business are being made by a 28-year-old mother of two." In these packaging companies, I continually invite them to think about how she views the world and how she's providing for her family.

We used to refer to shoppers being influenced by the things they learned from Mom. That's much less important today. They're much more likely to be influenced by hundreds of people who can weigh in immediately on a recipe idea or a product evaluation or a flavor profile.

TAPPI: Are there other issues of concern for your clients? What is the main thing that keeps your clients awake at night?

Ron: My clients are extremely aware of the shifting dynamics of the retail business and the way a single decision can have massive impacts on upstream packaging suppliers. If there is a thing that keeps them up at night, it's being remote or disconnected from the changes that are taking place in the way people shop, buy and consume.

Retailers across the board are finding ways to simplify their operation, reduce costs in their operation and move products from distribution centers to trucks, to back rooms, and to shelves more seamlessly. We go back to that communication element that I talked about. Corrugated boxes are going to have to work seamlessly across the supply chain.

TAPPI: What are you looking forward to seeing at SuperCorrExpo®?

Ron: I can tell you in a heartbeat: filling automation. I want to know what people are doing around creating unique processes for filling and sealing cases that then become retail-ready, shelf-ready options for retailers. That's an area ripe for innovation and I think there are cost implications that need to be addressed.

With insight like this, you won't want to miss Ron Sasine's keynote session on Tuesday, October 18th at 9:30AM, at SuperCorrExpo® 2016. Read the complete interview with Ron and learn more about this global hub of corrugated networking and education at www.supercorrexpo.org.