

Case Study



Business Development Services     

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Accutech Packaging: Investing in Digital Print to Grow Business

Producing Short-Run Folding Cartons for a Unique Competitive Advantage



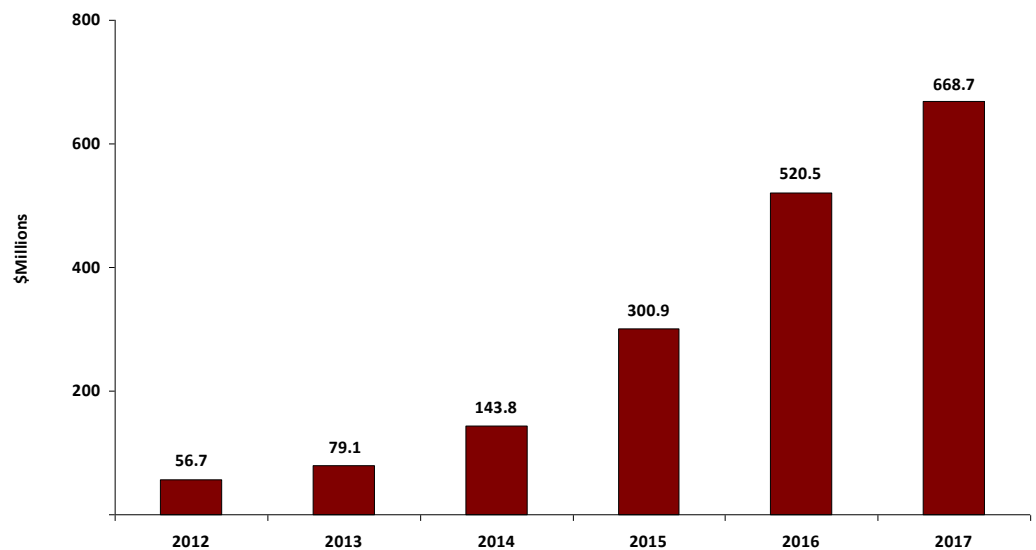
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The Short-Run Digital Packaging Opportunity

Short-run digital packaging is a key area of opportunity for service providers of all types, including converters, commercial printers, and non-conventional print service providers. Although digital printing of packaging was primarily focused on labels in the past, capabilities of the Xerox iGen (e.g., the acceptance of heavy stocks/paperboard and a larger sheet size) and other digital presses create new, fast-growing opportunities in folding carton packaging. Market research firm InfoTrends expects the digital printing of folding cartons to increase at a compound annual growth rate (CAGR) of 63.8% between 2012 and 2017, reaching a value of nearly \$669 million by 2017.

Figure 1: Value of Color Digital Print from Folding Carton Applications, 2012–2017 (\$Millions)



Digital packaging opens new opportunities for service providers of all sizes to offer value-added services, including:

- The ability to reduce costs related to warehousing, storage, and disposal of obsolete cartons, enabling brand owners to apply their marketing dollars to more valuable activities.
- The opportunity to produce the entire print campaign, from creating the package to producing marketing collateral (e.g., point-of-sale signage).
- The ability to support seasonally-focused marketing campaigns and respond more rapidly in competitive markets.
- The ability to use variable data content such as personalization or versioning for localization (e.g. region/country or language) on the printing package.

Accutech Packaging: Realizing the Benefits of Digital Print

One example of a non-conventional print service provider is Accutech Packaging (Foxboro, MA), a manufacturer of thermoformed parts including blisters, clamshells, and trays. The company also produces folding cartons, paperboard, and corrugated displays for products. Founded in 1986, the custom thermoforming business has now grown to encompass all aspects of the packaging industry. Owner and Vice President Mike Keneally notes, “We truly are a one-stop supplier for all of our customers’ packaging needs.”

Accutech Packaging serves as a packaging solutions provider for regional clients involved with food manufacturing, consumer packaged goods, cosmetics, and media/electronic manufacturing. With a 65,000-square-foot production facility and a 90,000-square-foot distribution center, the company employs 95 people. “We’ve always been a full service provider,” Keneally explains. “But we just outsourced the printing components.”

“The investment is much lower, there’s no inventory, and the client is happy,” states Keneally.

Waste Reduction Drives Justification for the Investment

Accutech has always been on the leading edge of new technology and customer support with its structural design solutions and marketing and creative/graphic design offerings. Keneally notes, “We started selling our digital print services to one of our largest customers, who had been buying printed packaging from our competitors and fulfilling their products themselves.” The competition had been providing a complicated die-cut foam piece that housed the customer’s product, while the customer was purchasing offset printed cartons from another vendor and then fulfilling the final package themselves. “It was all about inventory obsolescence,” Keneally recalls. “There was so much waste that I just had to offer a solution to the customer.” The Accutech solution that Keneally presented to the client was a more attractive, stronger, and better thermoformed product surrounded by a corrugated box, plus a sleeve that was digitally printed with a specific barcode for each product. This solution also provided an anti-static package that was less costly for the customer to fulfill. Today, Accutech houses no more than one week’s worth of inventory for the client. “Each week, an order comes in on Tuesday and is out by Friday. The investment is much lower, there’s no inventory, and the client is happy.”

With 20,000-50,000 pieces being ordered each month, the volume was enough for Accutech to invest in a Xerox 700 Digital Color Press, in 2010. As the company continued to provide short-run and quick turn printing services to its customers, the capacity of the press were quickly outgrown. Keneally therefore invested in a Xerox Color 800 Press the following year and acquired a Xerox iGen4 in 2013 due to its suitability for heavier stocks and larger sheet sizes.

More Than Just Folding Cartons

According to Keneally, having a Xerox iGen has opened up several opportunities for digital printing of packaging. “Some of the things we do really give us a distinctive edge over our competitors. We’ve become the go-to company for our clients, and they look to us first for ideas now.” With finishing capabilities such as UV coating, diecutting, folding and gluing, envelope-making, bagging equipment, and hot stampers, there isn’t much that Accutech doesn’t offer for its customers.

Figure 2: Example Offerings from Accutech



Accutech utilizes its digital printing capabilities to offer:

- **Specialty envelopes and mailers:** Accutech creates custom-sized envelopes for small parts, including metal blades and instruments for various products. These specialty paper mailers replace corrugated packaging and reduce material, labor, and mailing costs.
- **Printed sleeves:** Customers can dress up clear packaging with the use of color digital printing that wraps around the product and its thermoformed package. High-quality packaging and captivating creative can help sell products.
- **Corrugated display headers (Point-of-Purchase):** Digital printing enables Accutech to inexpensively create quality display headers. Rather than printing directly onto corrugated board or creating an expensive litho-label, the company uses digital printing and lamination to create “retail ready” preassembled displays. Customers then load their products and send to the retailer.

- **Variable data printing:** Although Accutech has not yet ventured deeply into personalization in packaging, it is using these capabilities to print individualized barcodes on product packages. For example, a recent project involved 90,000 pieces where each package required a unique barcode for security purposes.
- **Prototyping for customer acquisition:** Accutech provides prototyping at no charge for customers and typically creates prototypes for prospective clients as a sales tool. “This doesn’t guarantee us revenue, but it helps us get our foot in the door and propose the concept,” Keneally states.
- **Proofing:** The digital presses enable customers to sign off on a finished box instead of printed sheets or blue-lined mock-ups of packages.
- **Prototyping for test marketing:** Accutech has helped test market food products to target markets by creating very short run (250-500 units) samples for buyers.

The Bottom Line

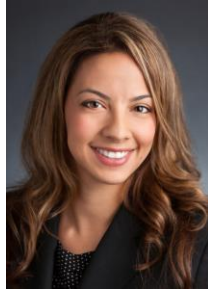
The ability to print packaging on demand in smaller quantities without sacrificing quality offers many benefits. It also supports the following key market demands:

- **Targeted marketing:** Brand owners want to target their products at consumers with greater precision, adjusting labels and packages to various considerations like gender, age groups, languages, cities, events, or consumption habits.
- **Lean manufacturing:** Brand owners and the converters who serve them are intent on cutting waste in products, materials, time, and labor. Brand owners want to order only what they can use to trim supply chain volumes and prevent obsolescence. Meanwhile, providers want to limit waste and prevent holding inventory of supplies or finished output.
- **Sustainability:** Due to consumers’ concerns about “green” issues, environmentalism is a mandatory focus for companies that are manufacturing consumer goods. Packages and labels are high-profile evidence of a brand owner’s manufacturing practices, and thus the brand owner’s commitment to sustainability.

Digital printing has helped Accutech fill the gap and provide full-service solutions to its customers. Keneally concludes, “The Xerox presses that we’ve acquired are not too mechanical, and this is a real benefit. The barrier for entry into printing was low because our Graphic Artists can operate the machines, and Xerox is very responsive to our needs.” Keneally notes that Accutech’s overall business is growing, and he attributes the sustainable growth to creative services and digital printing. Specifically, Accutech’s paper and paperboard converting business has grown by 20% thanks to the introduction of Xerox digital technology.

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