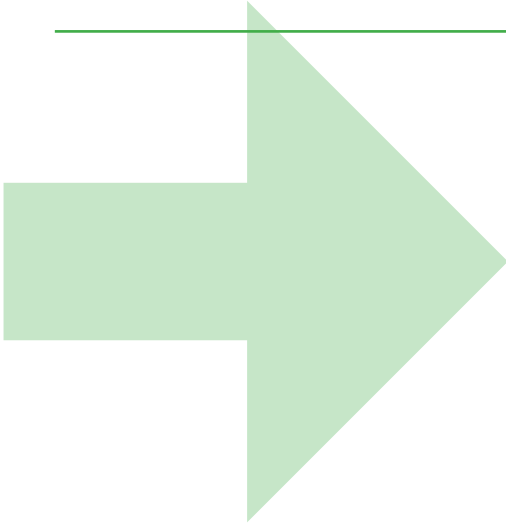


*What's the
real cost
of damage
when shipping
your product?*



How much is ineffective packaging costing you?

A 2014 *Packaging Digest* article entitled, *Mitigating Packaging Damage in the Supply Chain*, explores how product damage occurs and how it can be reduced.



“Each component of the supply chain—package design, manufacturing, transportation, warehousing/distribution, retail support, retail operations—as well as Mother Nature herself can be a source of damage.”
–*Packaging Digest*

With packaging an essential part of the supply chain, determining how best to ease risk for product damage throughout the process is paramount.

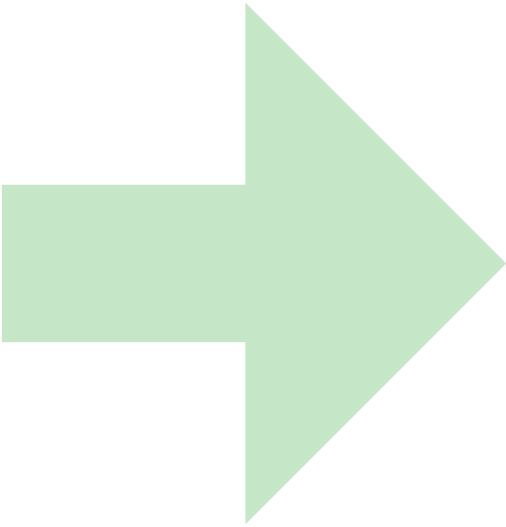
According to *Packaging Digest*, as much as 11% of unit loads arriving at distribution centers have some level of case damage. However, many reports typically only show the number of units returned and replaced. So, how do companies accurately calculate the cost of damage because of ineffective packaging?

Sonoco’s Cost of Damage Calculator

11% of unit loads
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Sonoco Protective Solutions is North America’s leading provider of protective packaging, components and material handling solutions. The 20 manufacturing, design and testing facilities throughout North America are strategically located to provide customers with just-in-time delivery.

Within Protective Solutions, Sonoco has always focused on developing the Total Solution for customers. This means



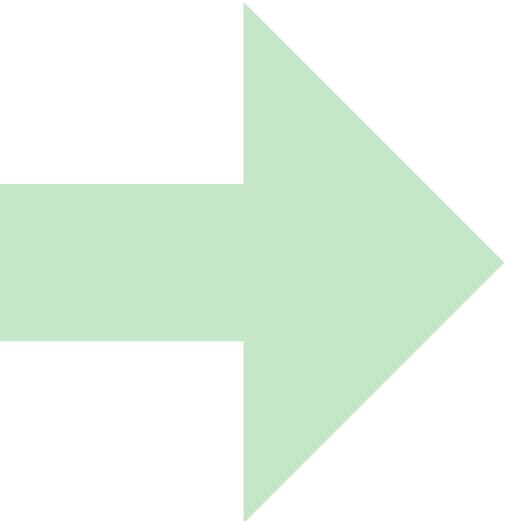
20 manufacturing, design and testing facilities throughout North America

evaluating everything from incoming materials, through product assembly lines and packaging, to distribution and delivery to the customer. When a company truly looks at the total cost of dealing with damage, including not only product replacement, but also shipping, handling, customer support, freight both ways, loss in profits, etc., they might find the original packaging decision may not have been the right one after all.

Sonoco Protective Solutions has combined experience with research to develop an [online tool](#) enabling customers to examine the real Cost of Damage to their business.

How it Works

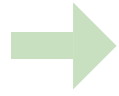
Consider this common example: A mid-sized appliance manufacturer is experiencing a great deal of product damage on a line of coffee makers sold through e-commerce sales channel. The company needs a customized solution quickly. Customer complaints include receiving damaged coffee makers with broken glass and cracked housings.



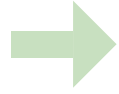
The company reaches out to Sonoco Protective Solutions to see what expertise could help them solve this damage issue. A Sonoco representative meets with the customer and walks through the newly released [Cost of Damage Calculator](#) to help determine what the true cost of damage is related to ineffective packaging design. The client is amazed to discover the myriad of additional financial costs incurred – costs that had not been taken into account when assessing those associated with a damaged product. The percentage of damage through the company's e-commerce channel is actually costing the appliance company more than they could have imagined.

The appliance company then visits Sonoco's state-of-the-art packaging design and testing lab in Nashville, Tenn. After evaluating the current package design, Sonoco engineers determine the pack is inadequate and unable to provide the protection necessary to safeguard the products through transit. Sonoco engineers perform a complete package re-design and alter the material, which dramatically reduces the amount of damage.

The Cost of Damage Calculator computes the following:



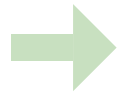
Total Sales



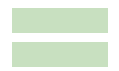
Total Profit Before Cost of Damage



Cost of Damaged Unit to the Customer

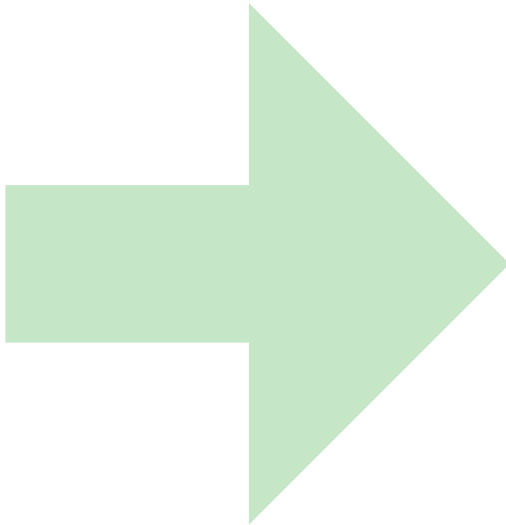


Cost to Replace the Unit



Resulting in THE TOTAL COST OF DAMAGE PER UNIT DAMAGED

The calculator successfully breaks down the customer's e-commerce and retail damage to show the percentage of damage, number of units, total cost and the percentage of profits this affects.



These data breakdowns show numbers for lost loyalty (profits), the total cost of damage and lost opportunity to the business, and damage and lost opportunity cost per unit.

Want to learn more? Contact Sonoco Protective Solutions to see what ineffective packaging may be costing your business. 800 289 9966 • sps@sonoco.com

