

# CONSUMER GOODS

## PRIMARY PACKAGING



### PET FOOD PACKAGING SOLUTION TAKES BITE OUT OF SUPPLY CHAIN INEFFICIENCIES, IMPROVES QUALITY

For one of the world's leading consumer packaged goods (CPG) companies, providing consistently high-quality products is paramount. When the company realized an opportunity existed to better control transportation costs and quality by co-locating primary product packaging with its secondary packaging and distribution operations, it knew it needed to adjust its strategy. Exel, part of DHL Supply Chain operating in the United States and Canada, designed and implemented a primary packaging solution that improved quality, cut costs and achieved supply chain efficiencies that enabled the company to better meet its retail customers' needs.

#### CUSTOMER CHALLENGE

The customer's Midwest manufacturing plant and adjacent distribution center – managed by Exel – produces high-quality pet food destined for the dishes of lucky pets whose owners are part of a rapidly growing premium pet products market.

Dry pet food manufactured in the plant was being bulk shipped for primary packaging to another company located almost 250 miles away. The individually bagged products were then transported back to the distribution center for possible customization and to ultimately fulfill retail orders. The facility also serves as a secondary packaging site where Exel produces a large and growing variety of promotional displays and assortments, which are driven by retailers' needs.

#### Customer Challenge

- Improve product quality
- Design packaging line to fit limited space
- Reduce order times
- Reduce transportation costs

#### DHL Supply Chain Solution

- Primary packaging at the plant distribution center
- Compact and efficient smallspace design
- Application of rigorous quality standards

#### Customer Benefits

- Saved \$80,000 on startup budget
- Cut order lead times by 5 days
- Improved product quality
- Reduced transportation costs \$200,000
- Enabled just-in-time production

Shipping product to another location for packaging added transportation costs, lengthened the production schedule and increased product order times. It was suggested that the customer incorporate the primary packaging operation into the distribution center currently under Exel's management. But, the warehouse space, as configured, could not accommodate the product volume and variety of activities needed.

## DHL SUPPLY CHAIN SOLUTION

To address the space constraint, Exel tapped the expertise of Power Packaging, its food and beverage manufacturing and packaging business. The engineering team designed an efficient dry pet food packaging line within the confines of the existing distribution center — without compromising the premium-brand quality expected by retailers and pet parents alike.

Key to the solution was the design and implementation of a vertical form, fill and seal (VFFS) packaging line. The customer provided the VFFS equipment, and Exel and its Power Packaging team had the expertise and capability to both design and operate the line. Power Packaging created and implemented a design that works efficiently in a very limited space, located along the wall separating the distribution center from the plant. Product coming from the plant is supplied in bulk super-sacks and loaded into the VFFS hopper for filling and packaging. Equipment can be switched out to handle multiple bag sizes, including a special size carried exclusively by the world's leading big-box retailer.

Power Packaging also trained Exel's operations team to follow special product handling quality processes, and operate the packaging equipment accurately and safely. The training included programming the runs, properly using the product weight scales, and utilizing an effective date-tracking system.

"Bringing the primary pet food packaging into the plant's distribution center was a turnkey solution for the customer," explained Chad Herr, Exel's Director of Operations for the Consumer Industry. "Besides having the required primary packaging expertise, we had already been managing the distribution center operations for six years using our own quality processes that met or exceeded the customer's stringent requirements."

## CUSTOMER BENEFITS

The primary packaging solution was implemented in only six months and \$80,000 under budget. All quality standards were achieved.

In addition, by eliminating an extra stop – and inefficiency – in the supply chain, the customer was able to slash transportation costs by \$200,000 and cut order lead times by 5 days, better satisfying retailer demands. Exel was also able to implement just-in-time production, which resulted in lower inventory carrying costs for the customer.

Now, Exel's primary packaging operation is so seamlessly integrated with the customer's manufacturing that it is transparent to the customer. The solution has been so successful that the Power Packaging engineering team has returned to design efficiency improvements for the site's secondary packaging operations.

"Our customer's first concern was the quality of its premium pet foods. But with Exel's primary packaging solution, not only are rigorous quality standards met, the customer also saves money on transportation and inventory costs, and its retail customers' needs for shorter product lead-times are met."

Chad Herr,  
Exel's Director of Operations  
for the Consumer Industry

### For further information

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