



By Jim George, Director of Education at IoPP

# Two Key Questions as Packaging Spending Grows

Here are two questions to circulate among your packaging team: Is our company among the many who are planning to spend more heavily in packaging over the coming months? If so, how prepared are you to maximize your investment?

These questions certainly should give pause to packaging managers and team members alike. They struck me as I read the results of a recent L.E.K. Consulting survey of 250 brand owners in all product categories. A whopping 75% of them indicated they expect to increase packaging spending by the spring of 2020—easily outpacing spending in both 2017 and 2018, and potentially 2019 as well. Nearly one-third of them plan spending increases of more than 10%.

## Behind the increase

Why the increase? Nine out of ten of those surveyed say packaging is critical to successful brands and allows them strategic marketing flexibility in adapting to fast-changing consumer demands and preferences. That covers convenience, easy opening, more single-serve package sizes, green growth, and placements in new distribution channels, including e-commerce, according to the survey. And more recently, they add to this list more customized, health-focused, and premium products. Interestingly, brand owners also indicated they plan to introduce 15% more SKUs in 2020 than they did in 2018.

The survey rightfully concludes that “brand owners consider ongoing investment in packaging to be critical to their brand’s success ... to make products stand out in a crowded marketplace.”

If your company is among those planning to invest more heavily, that brings us back to the second question I asked earlier. How prepared are you to maximize your investment? It seems like some companies have work to do here, if the hard truths I’m hearing at the Institute of Packaging Professionals’ classroom sessions recently are any indication. We’re seeing more students show up who have been put in positions of authority at their companies, even though they confess to having spotty, or very little, knowledge of packaging. No doubt that other education providers are experiencing the same among their class attendees.

Isn’t it better to train them for success before they take on their new role? It’s a very scary thing to entrust a “packaging department” of one to an individual who may have expertise in another area, but not packaging, where ill-advised decisions can cost millions of dollars,

lost market share, or worse.

We’re also hearing stories about people being asked to make important decisions regarding packaging materials unfamiliar to them. It’s asking a lot of someone to make the call on polymer-based packaging when their background is folding cartons. Yet it’s happening more than you think.

## Invest in education

Given companies’ expressed plans for greater packaging spending, I can think of no better time than now to invest in yourself, or in your team, with packaging education—and to especially get people properly trained before they take on key new responsibilities in

packaging. If you’re looking to move up the ladder at your company, having a greater depth and breadth of knowledge simply makes you more indispensable in a tight labor market. And more flexible to tackle a variety of packaging challenges.

If you manage a packaging department, you surely know that experienced, well-versed packaging professionals are harder to find. More companies than ever need them at a time when significant numbers of baby boomers are retiring and can’t be replaced fast enough. Everyone’s looking for experienced packaging engineers.

Given the tight labor market, can you afford the expensive loss of team members you have? Consider:

- IoPP’s 2019 Salary Survey found that 35% of the more than 1,200 respondents said a job change was definite or a possibility for them over the coming year.
- Losing a single engineer can cost \$100,000 to replace, and it could cost six to nine months of your former engineer’s salary just to identify and onboard their replacement, according to the Society of Human Resource Management.

It is easier, and far more cost-effective, to sharpen the skills of those already on your team with additional education, which can increase their commitment to your company longer-term. Economics ought to motivate you as well. If additional training enables one person on your team to make just one better packaging decision that expedites time-to-market, or saves your company money, the ROI for your training can be huge.

Wherever your source for training, investment in your staff’s career development looms as a very cost-effective and wise investment in these changing times for the packaging industry. **PW**

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