

An **ids** Success Story

THE SMART WAY TO LAUNCH A NEW PACKAGING OPTION



Every successful FMCG brand understands the importance of packaging. When a new packaging option becomes popular, prompt action must be taken to launch a similarly packaged line to avoid losing market share. But that could require an entirely new production line, usually accompanied by a huge capital investment and substantial lead time to kick it off.

The risks are compounded because it's difficult to know if such an investment will pay off.

So what is the best option for an FMCG company that has decided to deploy a new (and expensive-to-implement) packaging form in Asia? There are many challenges involved in testing and launching repackaged product lines, while reducing associated risks and costs. A viable solution is a partnership with an independent contract manufacturer.

IDS Manufacturing is an independent contract manufacturer who manufactures no brands of its own. It deploys all its production resources for the benefit of its

customers – multinational brand owners. Its world class manufacturing facilities and extensive experience with many packaging forms make it an ideal partner for any brand owner wishing to launch new lines.

The following pages provide a classic example of how IDS Manufacturing Malaysia helped a multinational brand owner leap the cost barrier and launch a new line of packaging with minimal risk.



A member of the Li & Fung Group



A WINNING PARTNERSHIP BETWEEN PACKAGER, PRODUCER AND BRAND OWNER

This long-time customer of IDS Manufacturing in Malaysia markets a world famous health drink brand across many Asia markets. Although the company enjoyed strong sales, competitive threats were looming on the horizon.

Thanks to a close relationship with IDS Manufacturing, the customer was able to develop and implement a counter-strategy quickly and at low cost.

THE SITUATION

IDS Manufacturing's customer had offered its products in a range of aluminum cans and glass bottles for decades. However its competitors had adopted convenient new Tetra Pak packaging, which was readily accepted by consumers. The brand's lack of presence in the rapidly growing Tetra Pak shelf space was clearly a lost opportunity. But entering that space came at a considerable cost.

To set up a new Tetra Pak production line was estimated to require as much as US\$3 million and take up to a year to implement. And to justify the fixed cost there is a minimum production run to meet – more than the brand owner in this case was willing to initially consider. Then there were all the operational risks such as union problems, GMP issues, HACCP issues and product safety to be taken into account. And despite all that expense and time, there was no guarantee that consumers would accept the new package variation.

One solution was to enlist the help of an existing manufacturer in Asia with spare Tetra Pak capacity and roll out a test. But the brand owner was reluctant to share confidential information. And there was no way to ensure the commitment of Malaysia's contract manufacturers because they all produce and market their own proprietary brands. Except one – IDS Manufacturing.

THE SOLUTION

IDS Manufacturing had already developed a close working relationship with Tetra Pak in Malaysia. In fact IDS already produces considerable volumes of Tetra Pak packaged products each year. IDS Manufacturing leveraged an existing relationship with Tetra Pak to get a very attractive deal for the health drink brand owner – the brand owner did not need to commit to high volumes either.



Ultimately, all this customer had to do was to pass all the responsibility for the Tetra Pak production to IDS Manufacturing and concentrate on launching the new products with a big splash in the market. The IDS team rolled up their sleeves and initiated a complete production plan. The customer was kept fully updated with the progress of the project.

THE RESULT

Working with IDS resulted in a fast and economical product launch for the brand owner. The new Tetra Brik Aseptic products began appearing on shelves just three months after the deal got the green light. That alone justified the decision to go with IDS.

IDS' close relationship with Tetra Pak Malaysia meant the production process was backed by a strong team of personnel and efficient technical support, which ensured the launch was largely free of the usual glitches and waste often associated with a new product line. IDS proved willing to do whatever it took to ensure a high level of efficiency and meet the most stringent demand for quality. The rollout proceeded with minimum fuss.

The relationship with IDS Manufacturing quickly brought success to the brand owner. Sales volume rose by 20% in the second year. Today IDS Manufacturing produces all of the customer's Tetra Pak products for four major markets in Asia: Hong Kong, Indonesia, Malaysia and Singapore.

BENEFITS OF WORKING WITH IDS MANUFACTURING:

- Customers can introduce new products and packaging rapidly and cost-effectively
- Customers have no more worries about day-to-day production management
- Customers enjoy far more flexibility
- Customers can tap into an immense manufacturing knowledge bank
- Customers can also benefit from IDS' logistics and marketing network in Asia

IDS MANUFACTURING HAS THE ANSWERS

IDS Manufacturing is the leader in Asia when it comes to providing contract manufacturing solutions, especially for FMCG, food & beverages, personal care and household products, and pharmaceuticals:

- IDS Manufacturing is a totally independent contract manufacturer with sizeable production facilities in Thailand, Malaysia and Indonesia
- We bring more than 40 years' experience of manufacturing for world famous brands
- We own no brands nor produce any products of our own – all our resources and knowledge are dedicated to enhancing our customers' businesses
- We operate with complete impartiality when allocating production resources and determining priorities
- We have expertise in a wide range of packaging options including sachets, glass and Hot PET bottles, cans, Tetra Brik Aseptic, pouches, jars, tubes, strip packs, cartons and more
- We manufacture to the highest global and local standards, including GMP, ISO, HACCP, Halal
- We provide a complete range of packaging sizes from 29g to 2,000g
- All our operations are supported by a sophisticated and transparent IT network that provides customers with complete visibility into every aspect of their manufacturing operations
- We provide a variety of value-added services, including product development, process development, procurement and supplier negotiation. Ultimately, we work in precisely the way our customers prefer

INTEGRATED-DISTRIBUTION SERVICES FROM THE IDS GROUP

The IDS Group provides our business partners a menu of Integrated-Distribution Services in three core businesses across Asia:

Marketing, Logistics, and Manufacturing

Logistics is the fundamental enabler, connecting each into an end-to-end value chain from raw materials to consumer.

We call this unique proposition

Value-Chain Logistics

