

EASY IN, IMPOSSIBLE OUT

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Very few, if any, industries can avoid the march of commoditization: technologies shift, prices fall and competition rises. And it can be soul sucking to watch the good work you do get eroded by cheap imports and competitors who undercut the market.

But commoditization is a fact of life. Manufacturers grow their brands by innovating and staying a step ahead.

Alpha Poly Packaging has a culture of innovation. They were founded in 1989 as a manufacturer of industrial bags, but today they are growing rapidly by manufacturing packaging that makes food products stand out on cluttered store shelves.

Alpha does not rest on its laurels. The packaging industry suffers from rapid commoditization, and Alpha leverages a two part strategy to stay ahead:

1. Continuous improvement by investing in new technology, equipment and processes to offer new products while reducing their costs.
2. Value-add services to make their brand sticky.

STAY AHEAD WITH INNOVATION

Alpha's commitment to innovation originated with its founder, Paul Kerrigan. Paul created a culture that continually focuses on creating products with more value.

Every year Alpha seeks out new projects to increase their capacity and improve cost structures, or increase their product capabilities. For example, in 2013 they invested in new HD Flexo printing equipment. This enables them to offer high-end packaging options to food manufacturers with fast turnaround times and flexible order sizes.

As a North American supplier, speed and flexibility are core differentiators. They have invested in technology to give their clients the flexibility to order small runs to launch and test a product, and then the capacity to scale up quickly to meet any need.

Innovation creates options. It enables you to go deeper and wider with existing clients, fend off cheap imports and open up new markets. Commoditization is only a trap when your volume of innovations slow down.

BUNDLE VALUE ADD SERVICES

New products and services are only a piece of the defense strategy. Customers come to you for a set of products or services, but they often need an additional reason to stay. Sticky value-add services help customers justify a vendor relationship, and prevent them from continually going to market to find cheaper options.

Alpha retains customer relationships with value-add services in product development and inventory management:

- Product development: Design and prototyping services to support their clients' product development and brand launches. For example, Alpha can produce a single prototype bag or film to demonstrate the look and feel of the package, and allow a brand manager to test concepts without the expense of a full production run.
- Inventory management: Alpha maintains inventory for their clients to support their purchasing and stocking needs.

Inventory management is a unique service, and one clients rely on. Alpha helps their clients manage inventory, track cyclical order needs, and support their staff. Alpha becomes an extension of their clients.

COME FOR THE PRODUCT, STAY FOR THE SERVICE

Building a manufacturing brand in North America has two parts:

- Innovative products
- Sticky services

Clients come for the products, and expect them to be well-made and cost-effective. They're not going to pay more, because they're made locally. The product price has to be comparable with local and international suppliers.

The value-add services make the brand stick. The product is the commodity, but the services increases the value and customer engagement.

The strategy can be described as "easy in, impossible out." Clients come for the products, but stay for services that help them run their business and deliver results. Alpha is growing a sticky brand by embracing both sides of the equation.

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