
NAVIGATING CAN PACKAGING IN 2022 (AND BEYOND)

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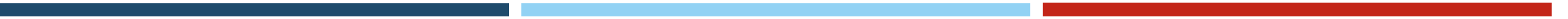
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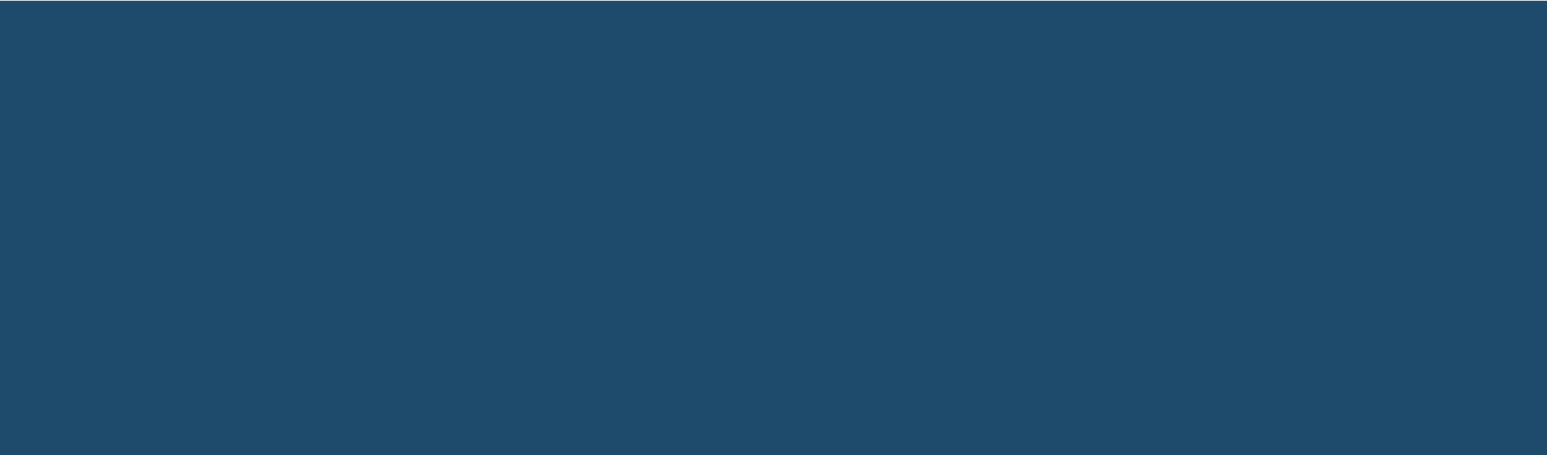
INTRO TO AMERICAN CANNING

- Our mission
 - American Canning exists to help beverage makers share their craft in cans. We utilize technology, experience, and a carefully curated supply chain to eliminate barriers to packaging and provide our clients with high-quality products and reliable canning services.
- Products & Services
 - Mobile canning service provider
 - Can packaging supply distributor
 - Canning machine manufacturer
 - Aluminum beverage can manufacturer (coming 2022)
- Located in Austin, TX





INDUSTRY OVERVIEW



WE'VE ALL LIVED THRU 2020 AND 2021

- The world of can packaging supply is/has been changing....
 - Demand for can packaging is far outpacing supply across all beverage types
 - Manufacturers are changing purchasing requirements for can types
 - Pricing has increased nearly 50% in the past two years
 - Global supply chain challenges are heavily impacting daily operations
- So what can be done?
 - First, we need to understand the supply chain

THE 'PROBLEM' ISN'T NEW

- Current circumstances only exaggerated what has been developing for years
 - Supply/demand alone isn't the whole story – small producers are setup to bear the brunt of the shortfall
- Production capacity is limited to a small number of large manufacturers
 - High-volume, low-margin model that lends itself towards the largest beverage brands
- Cost to create capacity is high and predicated on pre-contracted sales
 - Nature of the industry creates inherent barriers for craft producers
 - Supply agreements for larger brands, but how do you grow without a supply agreement?
- Increasing demand across all beverage types further limits spot availability
 - Craft has historically accessed excess capacity but the market is now more than 100% sold.

LOOKING FORWARD

- Capacity is being built – that’s good news – but....
 - Multi-year build process; anything launching now has been in planning for 2-3 years or more
 - A lag will persist. Reactionary solutions to current circumstances are still being worked out.
 - Supply chain failures are complicating many of these plans.
- Limitations to new capacity
 - Initial indications are multi-truckload minimums even with smaller producers.
 - Can size/style often dictated by needs of contracted sales.
 - Varies by manufacturer; impossible to predict the exact parameters in a changing environment.
- Reliance on distributor network for craft until craft focused capacity is built
 - [American Canning is expanding into manufacturing for craft in Q3 2022](#)



WORKING WITH DISTRIBUTORS



UNDERSTANDING THE DISTRIBUTOR NETWORK

- **Manufacturers vs. distributors vs. resellers**
 - Lots of options, not all options are equal
 - When selecting who to work with, ask about their capabilities and accessibility to inventory that you need.
- **Variations in product and service offerings**
 - Production capabilities
 - Production capacity
 - Access to single brand vs access to multiple brands
 - Pricing and lead time
 - Storage and warehousing capabilities

YOU FIND YOURSELF WORKING WITH A DISTRIBUTOR NOW...

- **Important points of consideration when evaluating a distributor:**
 - **Cost structure**
 - What is the hard cost of each product? And what is variable?
 - When was their last price increase? How often do they update pricing?
 - Is pricing flat rate? Can it be negotiated? Are volume discounts available?
 - Dunnage – Is the pallet packaging material included in the base cost of the product or in addition?
 - Shipping – Where does the product ship from? Is customer arranged shipping an option?
 - **Production capacity and decoration options**
 - What is their access to brite cans vs. printed cans? Is product availability guaranteed?
 - Do they produce shrink-sleeve cans? What are the varnish options? What is the cost difference per varnish type?
 - For decorated cans, what are the art fees? Are the fees one-time only?
 - **Lead time**
 - What is their current production lead time? Does it vary throughout the year with seasonal demand?
 - How does lead time vary between new artwork and reorders?

YOU FIND YOURSELF WORKING WITH A DISTRIBUTOR NOW...

- **Important points of consideration when evaluating a distributor:**
 - **Storage and warehousing**
 - Do they offer storage and warehousing solutions?
 - If so, what is the location? For how long? Cost per month/pallet?
 - **Additional product offerings**
 - Can you achieve cost savings by ordering multiple products from one supplier? Ends? Secondary supplies?
 - **Damage policy**
 - Understanding that cans are incredibly difficult to ship, what is their damage policy?
 - Do they offer refunds/replacements/credits?
 - **Ease of ordering and customer support**
 - How easy is it to place an order and get a response? Can you order online? Do they have a dedicated rep?

YOU FIND YOURSELF WORKING WITH A DISTRIBUTOR NOW...

- **FOR CUSTOMERS PREVIOUSLY PURCHASING PRINTED CANS:**
 - If you are moving from manufacturer direct purchasing, you may need to reproof and/or recreate your art plates – technically it is a new SKU and potentially at a different plant:
 - What is the associated art fee?
 - How does the move affect lead time?
 - New art can be 10-12 weeks
 - Repeating artwork can be as little as 2-3 week
 - If production location has changed, how does that impact shipping costs and transit time?
- **IF YOU CAN'T MEET PRINTED CAN MINIMUMS NOW.... WHAT ARE YOUR OPTIONS?**



UNDERSTANDING CAN DECORATION



CAN DECORATION OPTIONS

BRITE CANS

- Blank, aluminum can
- Lowest cost
- Lowest minimum order quantities
- Shortest lead time
- Greatest flexibility
 - Fungible (interchangeable) good
 - Buy larger quantity and brand in smaller batches
 - Supply can meet exact demand
- Limited shelf appeal w/o additional branding



WHAT ARE THE OPTIONS?

PRESSURE SENSITIVE LABELS (PSL)

- Adhesive label applied to a brite can
- Easy to source/store multiple labels
- Reduced waste, apply according to demand
- Label application required
 - Additional costs in equipment and/or personnel
 - Potential for multiple touchpoints if not labeled in-line
- Label does not provide full coverage branding
- Potentially limited shelf appeal



WHAT ARE THE OPTIONS?

SHRINK-SLEEVE CANS

- Digitally printed, full color sleeve applied to a brite can
- Delivered as a fully branded can, ready to fill
- Low minimum order quantities (half-pallet)
- Multiple varnish options – gloss, matte, soft touch, etc.
- Multiple vendors throughout North America
- Lead time is dependent on producer
- Highest cost, including some art fees
- Reduced flexibility due to product-specific labeling
- Recyclability may be limited in some municipalities



WHAT ARE THE OPTIONS?

DIGITALLY PRINTED CANS

- Replicating a fully printed can via distributor
- Pricing similar to a shrink-sleeve can
- Lowest minimum order quantity for "printed cans"
- Relatively easy art setup and minimal art fees
- Lower throughput production
 - May be difficult to scale high-growth brands
- Shoulder/neck of can, can be difficult to print on
- Multiple varnish type; matte is applied differently
- Fully recyclable



WHAT ARE THE OPTIONS?

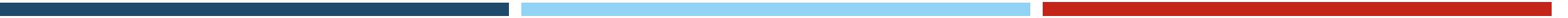
PRINTED CANS

- Fully printed can direct from manufacturer
- Lowest cost
- Strong shelf appeal
- High art setup fees
- Largest minimum order quantities
- Limited number of vendors throughout North America
- Long initial lead time
- Fully recyclable

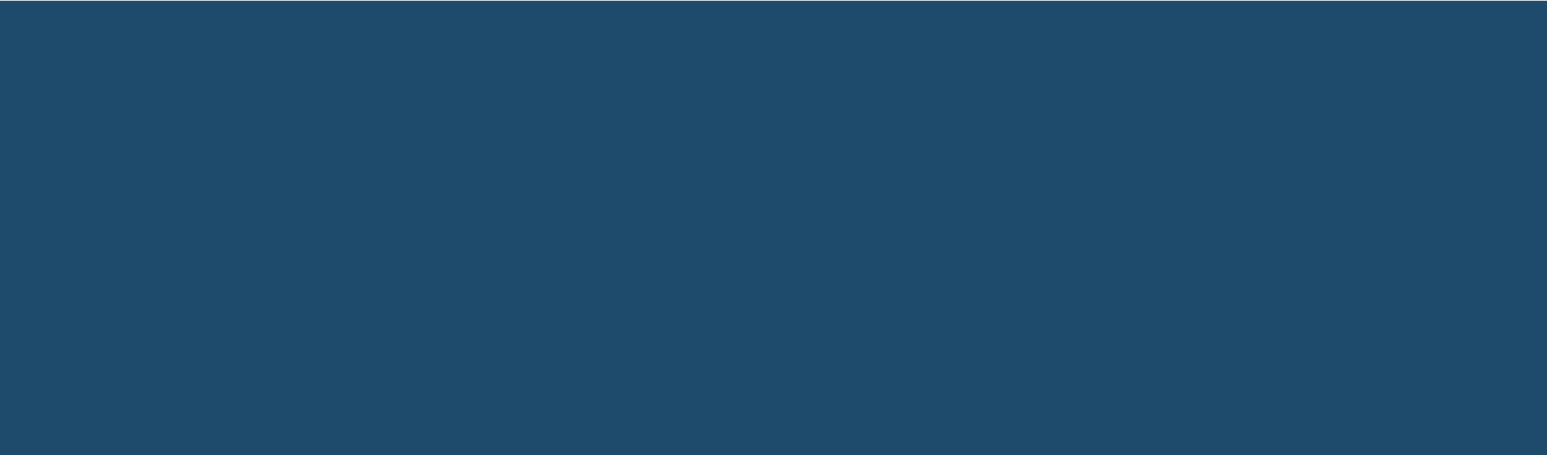


WHAT TO CHOOSE?

- Questions of time to expand or time to consolidate
 - Is it either or?
- Many distributors offer multiple forms of decorated cans
 - Rather than eliminate an entire brand, can you pursue an alternate decoration option?
 - For taproom only brands, can you explore more flexible options or a hybrid/multi-use design?
- Is there opportunity for cost savings by bundling products from one distributor?



HOW CAN YOU PREPARE



PLANNING AHEAD – FORECAST

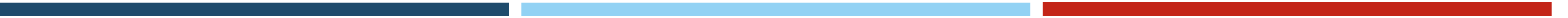
- Whether working with manufacturers direct or distributors, forecasting is key!
- Spot availability is often sporadic
 - The more a distributor knows about your needs, the more they can plan to ensure supply availability.
- If you don't have a crystal ball to predict to consumer demand...
 - At least back into percentage of packaged product versus draught needs
 - If possible, include percentage of can packaging by fill volume
 - Ask your distributor for assistance; forecasting calculators are often available.
- Total quantity by can size is more important than exact brand needs early on
 - Distributors are already working on 2023 needs....
 - Annual and quarterly forecasting is best; monthly is better than nothing.

PLAN AHEAD – CONSIDER INVENTORY LEVELS

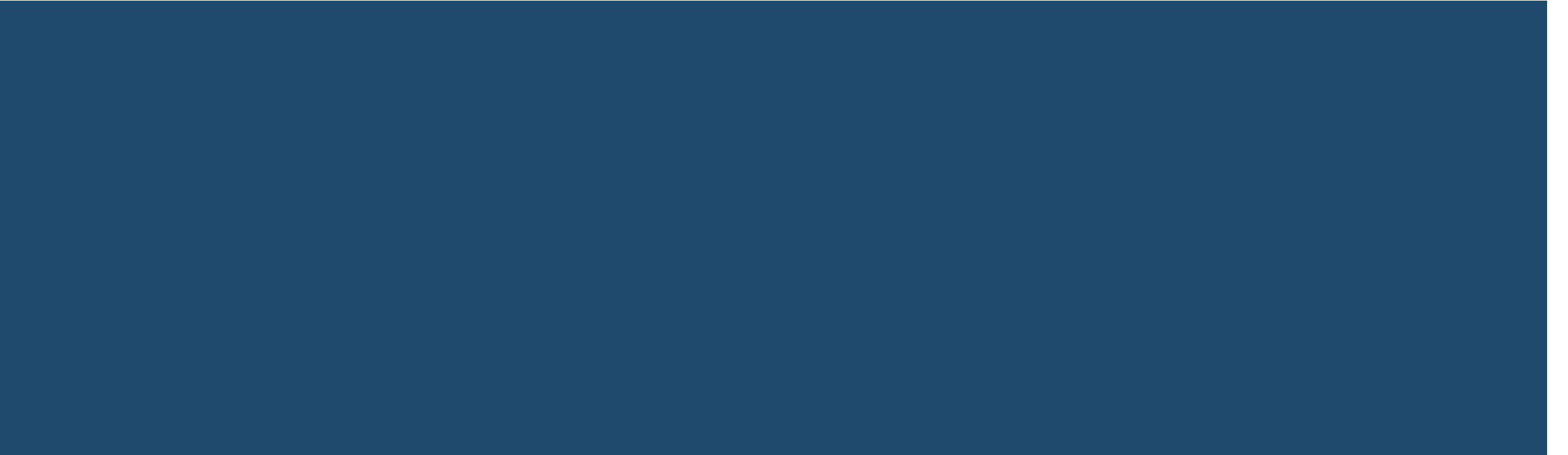
- Operating with just in time inventory is increasingly difficult if not impossible
 - Not only due to supply availability, freight is experiencing delays
- Spot availability cannot always be guaranteed
- Anticipate and plan for varying availability or lead times during peak season

PLAN AHEAD – ORDER TIMELINES & PREPARED ART

- Ordering Timelines
 - Consider art, production and transit lead times when deciding the best time to place an order
 - Allow time between estimated delivery and packaging day
- Be “Art Ready”
 - Art revisions require time.
 - Plan ahead for changes in art and/or requests for hard proofs.
 - Ability to capitalize on spot availability



PRICING

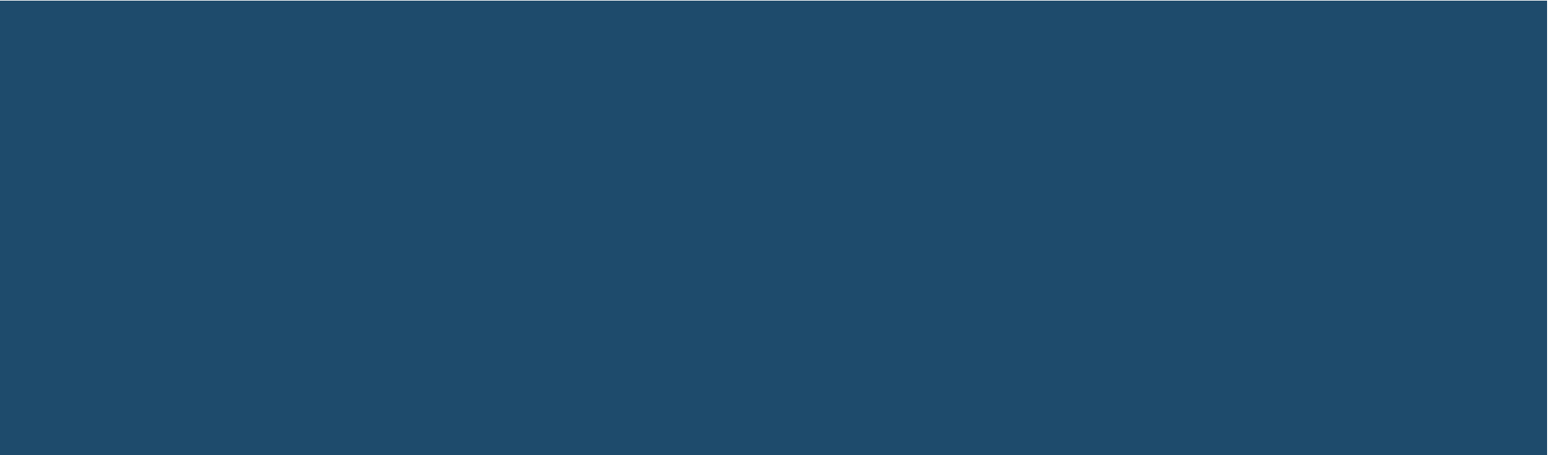


ISING COSTS & OPERATING IN HIGH INFLATION

- Raw materials and packaging costs are rising rapidly – nearly 50% in 2 years
- Shortfall in domestic supply -> greater reliance on import cans
 - Timing and cost of ocean freight is HIGHLY unpredictable right now
- Ability for distributors and producers to absorb the entirety is impossible
 - Need to understand total landed costs versus base price of product
- Shorter lead time on price increases; need to adjust/absorb/pass along quickly
- Naïve to assume costs will return to pre-pandemic levels in near future

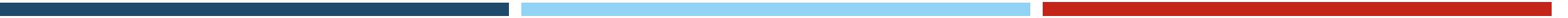


SUSTAINABILITY

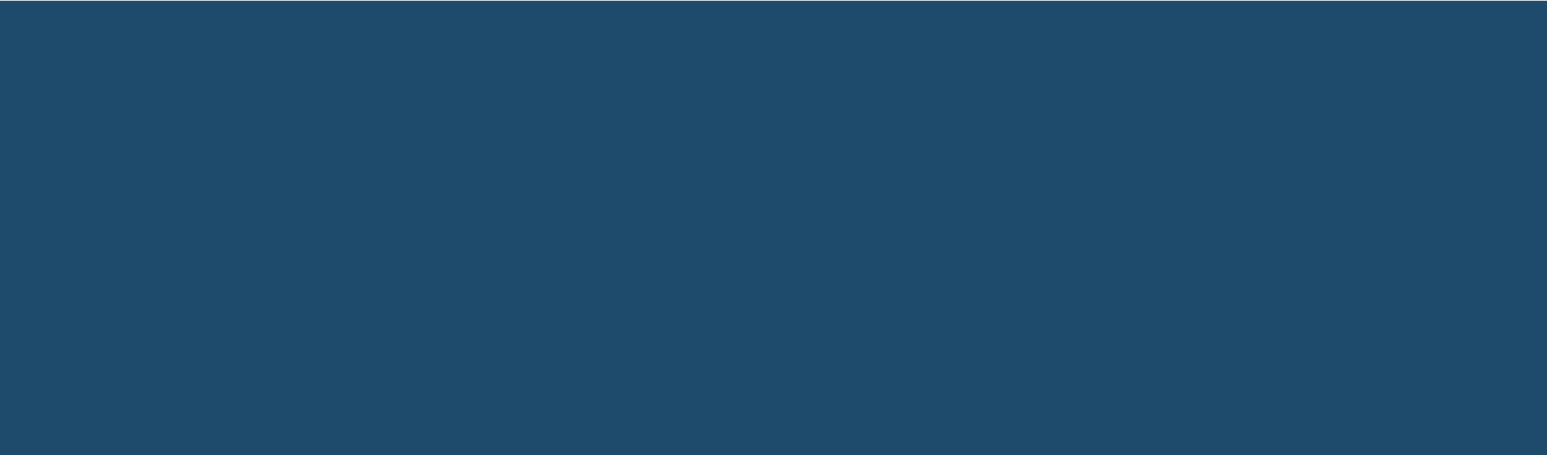


RECYCLABILITY

- Everyone loves aluminum for its infinite recyclability
- How do alternate forms of can decoration impact recyclability
 - The reality is - every recyclable item has contaminants
 - Recyclability varies by state/municipality - what are local centers able to sort and process?
- What can you control?
 - Verify local recycling capabilities and adjust accordingly based on your values and goals.
 - Evaluate recyclability comprehensively – PSLs have a backing that also goes into the trash....



FUTURE OUTLOOK



ATULC CAN MANUFACTURING

AMERICAN CANNING IS BUILDING A CAN SUPPLY TO REVOLUTIONIZE ACCESSIBILITY FOR CRAFT.

- Printed can manufacturing in 2022
- Direct from Austin, TX
- 300MM can capacity plant
 - 12oz in 2022, 16oz in 2023
- Environmentally-conscious production
 - Dry manufacturing with significant waste reduction.
- Lower minimum order quantities
- More to come in spring!
 - Be sure to subscribe for updates



THANK YOU FOR JOINING

FOLLOW THE LINKS BELOW TO STAY IN TOUCH ON FUTURE UPDATES

STOP BY AND VISIT US IN MINNEAPOLIS
CRAFT BREWERS CONFERENCE | BOOTH 3735



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