BakPac
Sustainable·Flexible·Packaging

The True Cost of Flexible Packaging
Moving Beyond Unit Price to Make Better Packaging Decisions
By Harry Baker, Sales and Operations, BakPac

Summary

In flexible packaging, unit price has traditionally been the dominant decision-making metric. While easy to compare and simple to justify internally, unit price alone rarely reflects the true commercial impact of a packaging decision.

This white paper explores Total Cost of Ownership (TCO) in flexible packaging. It's a broader, more realistic framework that accounts for speed to market, risk, waste, flexibility, brand impact, and supply chain resilience.

Drawing on real-world experience from BakPac's work with brands, co-packers and procurement teams across the UK and Europe, this paper challenges conventional thinking and offers a practical model for evaluating packaging decisions based on value, not just cost.

1. Why Unit Price No Longer Tells the Full Story

For decades, flexible packaging decisions have been driven by scale economics. The assumption was simple: the more you order, the cheaper each unit becomes.

But modern markets are no longer built around predictability.

Brands today face:

- Shorter product lifecycles
- Rapid SKU expansion
- Increased regulatory change
- Greater pressure to reduce waste
- Faster routes to market

In this environment, optimising for the lowest unit price can introduce hidden costs that outweigh any headline saving.

"If your only measure is price per unit, you're missing how packaging actually performs once it enters the supply chain."

- Harry Baker, Sales and Operations, BakPac

2. Understanding Total Cost of Ownership (TCO)

Total Cost of Ownership looks beyond the purchase price and considers the entire lifecycle cost of packaging - from concept to end of life.

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In flexible packaging, TCO typically includes:

- Unit price
- Minimum order quantities (MOQs)
- Lead times
- Stock holding costs
- Obsolescence and waste
- Labour and handling
- Speed to market
- Supply chain risk
- Brand and shelf impact

While not all of these appear on an invoice, they all affect profitability.

3. The Hidden Costs in Traditional Packaging Models

3.1 Excess Stock and Obsolescence

Large MOQs often force brands to commit to packaging volumes far in advance of proven demand. Changes to formulations, branding, legislation or barcodes can render stock unusable overnight.

Excess packaging stock represents:

- Tied-up cash
- Storage costs
- Write-offs
- Environmental waste

3.2 Over-Labelling and Manual Intervention

To reduce risk, some brands turn to generic packaging with applied labels. While this may lower print costs, it introduces:

- Additional labour
- Inconsistent presentation
- Quality risks
- Reduced shelf impact

3.3 Long Lead Times

Extended lead times reduce a brand's ability to respond to market feedback, retailer requests, or unforeseen disruption.

When packaging becomes the slowest part of the supply chain, it constrains growth.

4. Agility as a Commercial Advantage

Digital flexible packaging enables brands to decouple volume from commitment.
This allows:

- Short-run and scalable production
- Rapid artwork changes
- Test-and-learn launches
- Regional and seasonal variants
- Demand-led ordering

"Agility isn't just flexibility - it's the ability to react to reality rather than forecasts."
- Harry Baker

In a TCO model, agility reduces risk and increases optionality - both of which have measurable commercial value.

5. Speed to Market: The Cost of Delay

Being first - or simply being available - often matters more than marginal unit savings.
When packaging delays:

- Product launches slip
- Retail windows are missed
- Listings are put at risk
- Revenue is delayed or lost

In contrast, fast, responsive packaging supply protects continuity and supports momentum.
"If your product isn't on shelf, the unit price doesn't matter."
- Harry Baker

6. Waste Reduction as Financial Strategy

Sustainability and cost efficiency are no longer opposing goals.
Ordering closer to demand reduces:

- Packaging waste
- Write-offs
- Unused printed material

Digital production supports both environmental responsibility and financial discipline - particularly for new product development and innovation pipelines.

7. A Practical TCO Framework for Flexible Packaging

When evaluating packaging options, decision-makers should consider the following questions:

1. How accurately can we forecast demand?
2. What is the financial risk of excess stock?
3. How often do our SKUs, artwork or regulations change?
4. What is the cost of being late to market?
5. How flexible is our supply chain under pressure?
6. What impact does packaging quality have on brand perception?

Packaging that performs well across these dimensions often delivers greater value - even if the unit price is higher.

8. Rethinking Packaging as a Strategic Asset

Flexible packaging is no longer just a cost to be minimised. It is a strategic lever that influences:

- Speed
- Risk
- Brand
- Cash flow
- Sustainability

Organisations that adopt a TCO mindset make better, more resilient decisions.

“Value isn’t what you pay for packaging - it’s what packaging enables you to do.”
 - Harry Baker

About BakPac

BakPac is a UK-based specialist in digital flexible packaging, supporting brands and co-packers with agile, short-run and scalable pouch production.

By combining speed, flexibility and technical expertise, BakPac helps customers reduce risk, waste and time to market - while protecting brand integrity.

Start the Conversation

If you’d like to discuss how a Total Cost of Ownership approach could improve your packaging strategy, our team would be happy to talk.

Contact us at sales@bakpac.co.uk | +441277 281930

Rethink your packaging strategy.