

Shrink Label Opportunities 2004-2007

A Cost Performance Analysis of Materials, Markets, & Manufacturing Variables

**The first-ever impact assessment and sensitivity analysis for 2007's
estimated \$500 million U.S. shrink sleeve label segment.**

- ***Markets***

- Economic Projections Through 2007
- Film Capacity/Supply Situations
- Competitive Alternatives
- Drivers/Limitations of End-use Applications
- Export/Import Situation
- Inter-material Competition
- -- PVC, PET-G, OPP, OPS

- ***Technologies***

- Film Performance Characteristics
- Label Converting, Printing, Inspection
- Application Equipment & Methods

- ***Manufacturing Cost Analysis***

- Estimated Film Market Pricing
- Production Processes
- Converting/Application Costs
- Total Applied Costs
- Order of Magnitude Estimates

- ***Sensitivity Analysis***

- Film Costs
- Scrap Loss
- Impact of Downgauging
- MD vs. TD
- Comparative Sleeve Type Economics

- *Recycling Issues*
- *Key Suppliers/Commercial Situations*
- *Top Converters*

***INCLUDES FOUR ORIGINALLY DESIGNED
'TOTAL APPLIED COSTS' SCENARIOS***

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Until right now, the impact of 360-degree billboard graphics was the most important attribute – and often the only one – considered in the decision to use or switch to shrink labels.

Shrink Label Opportunities 2004-07

provides raw materials and equipment suppliers, package/label converters, and their end-user/brand-owner customers with more than sufficient detail to make informed judgments and develop effective cost, performance, and long-term strategies – issues largely ignored during shrink labels' early adoption heydays when brand owners were clamoring for the point of purchase differentiation shrink labels brought to new and relaunched product packaging.

In Nearly All Future Applications,

the decision will be largely influenced by known comparative total applied cost economics.

- **Discover** the six key components necessary to assess the real total applied costs of shrink sleeve and roll-applied shrink labels
- **Evaluate** supply/demand forecasts and comparative material performance characteristics to determine the appropriate technology for a given application
- **Learn** which shrink label materials will lag in application growth due to the lack of economic incentives
- **Use** the clear insight and concise perspective layed out in the Conclusions to make the best decisions for you and your shrink label user customers.

FOUR CROSS-CATEGORY COST SCENARIOS

DEPICTING COMPARATIVE MATERIAL, PRODUCTION, AND APPLICATION PRODUCTION COSTS PROVIDE

A BASE AND RANGE FROM WHICH READERS OF SHRINK LABEL OPPORTUNITIES 2004-2007

CAN MAKE INFORMED TACTICAL AND STRATEGIC BUSINESS DECISIONS.

ITEM	\$/Mach. Hr	\$/M	% TOTAL
D/L	\$62.40	\$0.72	0.036
PLT. O/H	\$93.60	\$1.09	0.054
UTILITIES	\$24.00	\$0.28	0.014
DEPRECIATION	\$52.08	\$0.60	0.030
CYLINDERS	—	\$0.50	0.025
SPACE	\$3.13	\$0.24	0.012
MAINTENANCE	\$20.83	\$0.24	0.012
INK	—	\$10.21	0.510
FILM	—	\$19.62	0.971
SUB-TOTAL	\$256.04	\$0.59	0.029
SCRAP LOSS, %	3		
TOTAL COST			\$20.21

No. of Operators	3
Rate \$/hr	\$16.00
Benefits, %	30
Cost/whr	\$20.80
Plant Overhead (O/H)	40
% of (D/L)	150
\$/Machine hr.	\$93.60

Gas, \$/Machine hr.	\$12.00
Electric, \$/Machine hr.	\$12.00
Utilities/Machine hr.	\$24.00

Press	\$2,500,000.00
Depreciation Schedule, yrs.	10
Assumed hrs./yr. Scheduled	4,800
Depreciation/Machine hr.	\$52.08

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