

VERSION 1.2

25 JAN 2019



# 8 COMMON MISTAKES BUSINESSES MAKE WHEN MANAGING THEIR PRODUCT LABELS

*A "BEST METHODS" APPROACH TO IMPROVING QUALITY CONTROL*

**WRITTEN BY:**  
ROB FREEMAN  
DIRECTOR, BUSINESS DEVELOPMENT & MARKETING

## 8 COMMON MISTAKES BUSINESSES MAKE WHEN MANAGING THEIR PRODUCT LABELS

Whether you're a small business owner or a production manager of a large manufacturer, if you've ever experienced problems with your product labels you know it can quickly turn into a serious issue until that problem is resolved. From the time it's applied to your product all the way to the POS (Point of Sale), labels always seem to be the least significant part of the production process - until something goes wrong. And when it does go wrong, it can create major branding issues and cost your company tens of thousands of dollars due to hefty Supply Chain late penalties and/or even government fines.

This article aims to provide insight as to how a company like Label Solutions Inc. helps businesses and manufacturers create new labels for their products as well as what to look for should you experience label failure at your retail locations. Topics discussed in this article do not cover all possible issues, but these common mistakes will hopefully help you better understand how creating a product label works, and how to possibly prevent your own problems in the future.

### **Mistake #1: Not Understanding the Importance Between the "Construction" versus the "Artwork & Compliance" of the Label**

This may seem like common sense, but it is often overlooked. Especially when dealing with fast-track projects.

**Construction of the Label** is the material selected and production process to produce the label. When creating a new label from the ground up, it is important to factor in how your product will be produced, necessary shipping and supply chain needs, how it is stored in inventory, and how it will be presented at the POS. Understanding what environments your product will be exposed to throughout its life cycle will give you an advantage when approving substrate material, inks, and the strength of adhesive that might be necessary for your application.

**The Artwork & Compliance of the Label** refers to the overall design of the label, artwork, customer messaging, bar codes, and regulatory requirements you need to follow in order to avoid serious government fines that might relate to your industry (Referring to agencies such as OSHA, DOT, and the FDA).

Most label providers do not have the in-house expertise to offer compliance assistance. Although it is still the manufacturer who is liable for all final artwork approvals on their product, label providers that do offer advisory services can help update label content when regulatory changes are enacted. This "safety net" can save your company from extra production costs and, potentially, excessive legal time and material costs. In short, you should always review final label artwork approvals with your compliance team and/or legal expert, but it never hurts to have a "safety net" to help eliminate unnecessary orders or production delays.

In most cases the construction of the label does not apply to the compliance of the label. An exception to this statement would be industries such as the electronics industry that use UL (Underwriter Laboratories) labels that must meet UL specifications and be produced under-recognized UL files. In other words, the compliance of a UL label is the construction of the label.

**Best Method Approach:** *An excellent example of companies that understand the difference between the Construction vs. Artwork & Compliance of the label would be the compressed gas industry. Gas suppliers and distributors require long term regulatory compliant labels on their cylinders and micro-bulk tanks. These gas tanks are used in a wide variety of industries such as for manufacturing, welding, medical procedures, and specialty gas mixes for the micro-electronics industry.*

*The compressed gas industry requires that their labels follow strict, up-to-date OSHA and DOT compliance requirements. As for the construction of the label, it is common practice that the label remains legible on the cylinder for an average of five years. The 5-year duration is due to the millions of tanks that are in circulation throughout the US and Canada. What's more, each label is produced to adhere to the cylinder's metal surface during extreme outdoor weather conditions such as fluctuating temperatures, freezing rain, high winds, and direct sunlight year-round.*

## **Mistake #2     Applying Labels Incorrectly to Your Products**

Whether the label is applied to the product surface by hand or automatically with a label applicator, the label itself may not be applied level or evenly. Besides this being a major branding issue, this could also affect how the bar codes are scanned and could eventually impact your delivery times while trying to correct a batch.

**Best Method Approach:** *There are construction alternatives that you can choose from to potentially reduce the impact of incorrect label application. For example, products with certain label adhesives allow your production team to reposition the label within a few minutes before the tack completely sets to the surface. The type of surface (cardboard, metal, plastic, glass, etc.) and the type of adhesive will determine how much time your production team will have before the tack sets.*

*A good example of this best practice can be seen in the beverage market. Whether the client produces a uniquely crafted beer or a rare ingredient infused into a new health drink, labels that are auto-applied to bottles and cans will sometimes experience equipment tension issues that need to be recalibrated. Once labels are applied off-alignment, a delayed tack setting can allow the label to be quickly repositioned by hand when needed. The best practice is to apply labels prior to filling the bottles and cans as opposed to filling first and then applying the label in your production line. The reason, excess spillage from filling can interfere with most adhesives.*

*This same repositionable adhesive is excellent to keep in mind for large equipment production assembly lines that apply prime (branding) labels and warning labels by hand. Even with large wide-format labels, the adhesive tack can be formulated so your employees have a few minutes to adjust, straighten, and smooth away trapped air bubbles once it has been placed on the surface. Knowing you have this option can help reduce label inventory waste, additional production material wastes, and avoid delaying production time. More importantly, this option keeps your brand, and your warning/instructional labels, looking fresh.*

## **Mistake #3     Not Sharing Your Production Run Schedules with Your Label Provider**

Some of Label Solutions' largest accounts have the most efficient real-time tracking Supply Chain models in North America, but even they cannot avoid sudden increased orders for their products stemming from high customer demand or similar issues. It is a good problem to have, but it is a problem, nonetheless. Manufacturers utilize Supply Chain Management to notify their suppliers of their monthly order forecasts, which in turn helps suppliers manage their materials and deliveries more efficiently.

On the other side of the spectrum, when small businesses share their production schedules with a supplier it means that both parties (the manufacturer and label provider) understand when to expect higher or lower order quantities each month. Label providers should back date their label production schedules, so they have the materials available to handle your busier months while ensuring on-time deliveries.

**Best Method Approach:** *Supply chain management (SCM) models are excellent examples of the best approach. Although SCM's are designed for scalability and real-time tracking, the benefit to you also helps your label supplier. For example, our large retail and industrial manufacturing clients notify the Label Solutions team to produce their labels according to their Supply Chain portal demand schedules. This, in turn, allows label suppliers to allocate production time and materials more efficiently for your last-minute rush orders.*

*Smaller companies can take a much more simplified approach (without the SCM tracking) to help their suppliers manage their orders - even if they do not use supply chain management. A simple Excel report of production runs over a 12month time frame is ideal. If your label provider does not already practice this or similar methodology, it might be time to start looking for a more proactive label provider. If you're unsure you want to share your information, then you might consider requiring your label provider to sign an NDA (Non-disclosure Agreement).*

#### **Mistake #4 Not Accepting Alternative Sizes of the Label to Allow for Better Pricing**

If your product needs a label with, for example, a dimension of 5.25 X 6.75 inches, there might be a much better price point offered to you if you're open to switching to a slightly different dimension label of, say, 5 X 7 inches. Obviously, you need to make sure the new dimension would fit your product(s) and work with your production line. But, if alternate dimensions are within the scope of the project, a modified SKU could potentially cut down on cost and production time.

**Best Method Approach:** *You might not have the time or ability to change your label if you already market that product in retail stores. But, if you are changing your branding, creating a new style of label, or releasing a completely new product, this is the ideal time to consider implementing better continuity between your products. This could include elements such as matching colors and label/packaging design.*

*In addition to updating your SKU's, this might also be an opportunity for your company to consolidate multiple products onto a universal label size. By applying the same sized labels to multiple SKU's, you can increase efficiency regarding repeated label orders, especially for label printers that use digital printers. Combine this approach with your expected annual quantity estimates and you'll be positioned for very efficient ordering options as your company grows.*

#### **Mistake #5 Planning Just-In-Time Inventory Too Close to Production; Affecting On-time Deliveries**

Using JIT (Just-In-Time) management is common throughout North America. JIT involves manufacturers and suppliers trying to minimize, or even eliminate, their inventory. This approach relies on suppliers to deliver materials just before production is started. When this method is done properly, it is a very efficient way to minimize production costs, but when companies do not prepare for a "crisis" situation, they will have nothing in stock to fall back on.

Minimizing inventory costs is always a challenge. It's a never-ending contradiction trying to maintain low inventory costs while factoring the percentage of potential new growth. Calculations can fluctuate from month to month, especially when industries rely on commodity ingredients or are impacted by sudden regulatory changes like we see with the cannabis, food packaging, and health supplement markets. Front runners in these markets practice minimizing their product label inventories, but their needs might quickly change from one day to the next. They do not want to place a one-time annual label order for each SKU. If an ingredient runs out of supply or a regulatory change affects their production profile, they would be sitting on unusable labels that will go to waste.

**Best Method Approach:** *Think in terms of what the bottom line effect will be when factoring how you should manage your inventory. Try not to reduce your inventory too low. This could cause your company to experience shipping delays when complications arise with suppliers or quality control. You should have at least one-to-two production cycles worth of inventory available for those "crisis" moments.*

*This backup inventory can also help reduce paying for excessive rush fees. Having unexpected demand for a product, especially when companies consolidate production plants, acquire other companies, or have a new product launch. Supplier material shortages can greatly impact internal quality control and delay delivery times. Building a strong business*

*relationship with your label provider is key to working around business demands and potential problems; which in turn, will help your label provider ship on-time deliveries so your production deadlines are met.*

#### **Mistake #6     Selecting the Lowest Price But Approving the Wrong Materials for Your Product Needs**

Sometimes clients buy the lowest priced labels without their procurement department knowing what the label specification requirements should be. It's always good business practice to shop for the best price, but it is equally as important to make sure you understand what you're buying for that price.

Label providers vary on the quality of work they do, value-added services they offer, their production expertise, and the quality of material they use. Additionally, the hidden potential cost to lowest price shopping is that once the construction of those labels fail, it could cost you much more than a simple reorder.

**Best Method Approach:** *Establish clear and concise procedures so your production team can forward the necessary criteria for your procurement department to have during the buying process.*

*On a separate note, some businesses and manufacturers don't care how long their brand and contact information remains on their product after the purchase. This gives them the flexibility to buy extremely low-quality material, but the outcome is a much lower brand awareness reminder at the end of the product's use. But if your business model is such that you sell a "one-time use" product and all that you need is the label to survive through the POS, then the cheapest materials and lowest price might be your best solution.*

*In most cases, brands want strong, eye-catching labels that stand out online, on the shelf, and/or on the retail floor. Manufacturers want their labels to remain on their product, so their customers have a reminder of what they need to buy again or the ability to reread product use instructions and label warnings. Even if you don't require the most expensive materials, using good quality, durable substrates and inks is always a solid approach.*

#### **Mistake #7     Not Preparing for Oil Based Products**

One of the most popular products expected in retail for 2019 will be essential oils and/or CBD infused oil ingredients in foods, drinks, and wellness supplements. One of the most common mistakes relating to oil-based products is that entrepreneurs often forget that oils can soak into paper substrates and/or disperse certain inks, even when laminated.

Whether your product is on display in retail, or being sampled at a trade show, the last thing you want to be concerned about is your product name and contact information smearing or washing out. Even the smallest drop of oil can seep into a paper label and spread the ink to the point that you'll have your own little tie-dye action on the label. That might look cool to some, but you lose your branding and the perception with most retail customers will be that your company is either cheap or is not professional.

**Best Method Approach:** *There are affordable films such as polypropylene materials that will allow you to print the look you want while still protecting your branding and product. From cooking oils to industrial grade oils, the approach is the same but may require different types of films and ink solubility, so each bottle and container has oil resistant labels that maintain a professional look.*

*If you're feeling overwhelmed, remember that you don't need to select all the label materials on your own. Your label provider should help you settle on the best solution.*

## Mistake #8 Not Properly Testing New Labels and New Product Surfaces

This is one of the most common and overlooked issues. Whenever one of our clients launch a new product or changes the intended surface conditions for label application, testing the label is always extremely important. This is especially critical when dealing with high quantity orders.

**Best Method Approach:** *Testing parameters should be outlined by you and your label provider so both parties understand how long the label and the ink consistency should remain on the surface after purchase and use of product. There are wide variations of testing, so it will depend on the type of product and the intended industry.*

*For example, testing hand-applied durable labels on powder coated metals for the boat and trailer industry require a completely different testing method compared to tests for typical food and beverage products that are machine applied. Usually, with uniform container products like food clamshell packaging, beverage cans, and supplement jars, all you will need to do is make sure to test labels on your production line, so your team is confident with the results.*

### Label Solutions Inc. - Best Methods, Best Results

In summary, preventing just one of these mistakes can be a huge cost savings no matter if your company is a start-up or a large corporation. Even if these eight common mistakes do not directly apply to your own issues, hopefully the “Best Methods” approach will give your company ideas about how you can prepare for future product releases, reduce product label issues, and improve your own quality control metrics.

If you have topics relating to product labeling that you would like me to discuss, please write to [info@easylabeling.com](mailto:info@easylabeling.com). Be sure to save this article and forward it to your peers for future reference.

---

#### ABOUT THE AUTHOR:



Rob Freeman is the Director of Business Development and Marketing at Label Solutions Inc. (a midwest based label printing company). He specializes in helping companies accelerate sales, monetize brand strategies, and improve customer loyalty. Contact him direct at [rfreeman@easylabeling.com](mailto:rfreeman@easylabeling.com). He is available to give presentations at trade shows and conferences.

[Label Solutions Inc.](#) is one of North America's largest suppliers of regulatory compliant compressed gas cylinder labels. We also offer unique pressure-sensitive product label solutions for manufacturers relating to prime labeling, fleet signage, efficient multi-SKU printing, FDA's new nutrition label formatting, product launch campaigns, and compliance advisory services. In addition, we offer advanced label-to-surface testing services such as extreme heat/cold, waterproof, oil resistant, condensation flux, tamper-proof, and durability applications.

Compressed Gas | Industrial | Cannabis/CBD | Food Packaging | Craft Beverages | Health Supplements | Marine & Trailers | Private Labeling



Label Solutions Inc. | [easylabeling.com](http://easylabeling.com) | Toll Free: (800) 299-9200 | [info@easylabeling.com](mailto:info@easylabeling.com) | USA