

Thinking outside the “box”

Researching buying boxes to understand procurement research

Task

You have recently graduated and have been hired as a procurement specialist by a California agriculture distributor that packages and ships boxed produce across the United States, Canada, and Mexico. You are in charge of purchasing boxes for shipping bulk lettuce to grocery stores. You have never had to buy cardboard boxes before and you know very little about them beyond receiving them when you order things from Amazon. To make good purchasing decisions and be able to negotiate prices, you will need to study up.

Your first step is to learn more about cardboard boxes, so you do some **background research** by going to Wikipedia, which can be an excellent source for finding general background information on some purchasing materials. [Search Wikipedia for Cardboard Box. Note: Wikipedia is best with commonly purchased items and raw materials and should be used to help you find important terms to search in other resources!]

You learn that cardboard box is a layman’s term and refers to many types paper-based boxes. Understanding that you are looking for solid boxes to ship lettuce you realize that what you are looking for is called a _____ box or a _____ shipping container.

You find a link to another Wikipedia about the _____ box design.

[Hint: all blanks above are the same].

What can you learn from the box design article that could be helpful when searching other sources? Note keywords and phrases. Is there any information that can help you understand things you need to consider in regards to technical specifications?

What other specifications might you want to consider when talking to a supplier for buying a box based on shipping lettuce? What issues might present themselves with this product that you will want to ensure you consider when working with a box supplier in designing a box to meet your needs?

This information is useful when you start searching for information from other sources. To understand purchasing boxes further you can search for more specific information from:

1. Trade Associations
2. Industry/Market Research
3. Trade Journals
4. Commodities Data & Economic Indicators

You remember that it is helpful to know the NAICS code of the product you are buying. You search the **US Census NAICS Code** website using the word corrugated. The NAICS code is _____.

Part 1: Trade Associations

What is a Trade Association?

Using a search engine search: “Corrugated box” AND “Trade Association”

What trade association websites do you see in your results?

In your search results you likely will see a link to a page for the Fibre Box Association (FBA), the international trade association representing manufacturers of corrugated boxes. (If not in your results, then search for it by name—but it should be there!).

Look for a subheading on the trade association site that includes words like: **information**, **data**, **statistics**, **trends**, and/or **reports**. Sometimes this information is available for free other times it isn't. Often you must be a member. (Note: As students you can often call and explain you are a student studying the industry and they may provide you with the report or the data you need.)

What type of data, statistics, and/or reports does the Fibre Box Association provide?

Trade Associations also sometimes provide education about the product. Look for this under website subsections such as **about** and **education**. For the FBA, click “About” and “What is Corrugated?”

Corrugated board is made of 2 pieces of flat material called _____ and 1 curved piece of corrugated _____.

The arches in the corrugated medium are called _____ and they vary in sizes, the most common being A, B, C, E, F.

Why might you want to use a larger versus a smaller flute?

Part 2: Industry/Market Research Resources

Using the NAICS code you located search **IBISWorld** for an industry profile.

Report Title: _____

Publication Date: _____ Database: IBISWorld

What type of information can you find in an IBISWorld Report?

Marketing	
Operations	
Financial	
Other	

Search **MarketResearch.com Academic** using the search box to find market research reports about your industry, service, or product. Note the title of reports that look useful and the search terms you used.

Open the most recent report you can find on corrugated boxes.

Title: _____

What type of information can you find within this report?

How might this information be helpful as a buyer?

Part 3: Trade Journals

How can **trade journals** be helpful during your research?

FINDING TRADE JOURNALS:

Use **advanced search** in article databases. Under which filter do you use to limit your results to trade journals?

- **ABI/Inform** _____
- **Business Source Complete** _____

USING SEARCH TERMS TO FIND ARTICLES

Combine different terms AND, OR, NOT to create a search phrase.

Use **AND** to connect different search terms or concepts that you want to search together

Example: prices AND “corrugated boxes”

Why do you **search phrases** using quotes? [single words don’t need quotes]

Use **OR** to connect related search terms where you wish to find articles with either term

Example: (prices OR “price index”)

Use **NOT** to eliminate concepts you do not want to search.

Example: (prices OR “price indices”) AND “corrugated boxes” NOT paperboard

Be careful that you don’t eliminate articles that could be useful because any mention of the word you don’t want will remove it from your search results.

Don’t forget that you can filter your results by date so that you look at recent trends!

What journals can you find that are related to the corrugated box and/or packaging industry?

Open a search result. Underneath the title look for the name of the journal and click on the name. **When you click on the journal title what does that allow you to do?**

Tip: When searching for trade journal articles it is helpful to brainstorm all the various things you would like to find like product specifications, price, competition, market growth, quality, etc.

Part 4: Commodity Research & Economic Indicators

When thinking about sourcing consider what major commodities are used to produce a product. A corrugated box is made of paper container board. (Try searching paper in Google or Wikipedia)

- A. What is the major material used in making paper? _____
- B. What raw material is the major ingredient for answer A above? _____

The resource listed in B above can be a byproduct of the lumber industry, being produced by saw mills, so understanding trends in pricing lumber, can reveal trends in pricing for materials for corrugated box and paper manufacturers (this material is approximately 70-75% of a box by raw material cost).

1. Go to **Wall Street Journal Commodity Market Center**. Click on Agriculture under Futures. Click on the word "Lumber" in the chart to get more detailed data.
What is the current price for a Lumber contract? _____
How much is up or down from a year ago? _____
2. The **Chicago Mercantile Exchange (CME)** aka "the Merc" is a financial and commodity derivative exchange based in Chicago, Ill. Click on Markets, then agriculture. You can then find Lumber products (scroll down!)
What lumber product name are they currently selling futures for? _____
Click on Data at the top of the website. Explore Volume and Open Interest, and the Daily Bulletin under reports to see the information you can find.
3. **FRED** is online database provided by the Federal Reserve Bank of St. Louis that provides open **economic research** collected by the government including. Search: Pulp. What information can you find?
4. When researching for a product and its related commodities think about what **economic indicators** can provide insights. For instance, trends in **consumer spending**, found on the **US Bureau of Economic Analysis website**, explains consumer demand, which when up means more products are being shipped so demand for boxes will be higher resulting in higher costs for boxes. Another metric that is a leading indicator as to the pricing of raw materials is **Housing Starts**, because when construction is up, more lumber is going through the mills, which means more wood chips as byproducts are produced, making chips cheaper versus when wood chips need to be produced as the primary product, so costs to make boxes decreases. Go to **USA.gov** and search for housing starts. What does the **US Census** call this economic indicator?

The **US Census** website allows you to search for data from the **US Economic Census** and the **Annual Survey of Manufacturers**. Search <http://data.census.gov> using the NAICS code to easily find data.

The **Bloomberg Terminal** database (in library use only) is an excellent resource for studying commodity markets, finding economic indicators and doing supply chain research. If you would like help learning how to use this database please make an appointment with the business librarian.

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