

# Co-Packing Food Industry What to know



January 2020

Alberta

Co-Packing – Food Industry – What to Know

Published by Alberta Agriculture and Forestry, Government of Alberta

January 2020

ISBN 978-1-4601-4723-8

This publication is issued under the Open Government Licence – Alberta (<http://open.alberta.ca/licence>). Please note that the terms of this licence do not apply to any third-party materials included in this publication.

Ava Duering

Competitiveness Analyst

Competitiveness and Market Analysis Section

Alberta Agriculture and Forestry

Email: [ava.duering@gov.ab.ca](mailto:ava.duering@gov.ab.ca)

Phone: (780) 422-4170

This report is also available on the Internet at: [www.alberta.ca](http://www.alberta.ca)

# Executive Summary

The use of co-packers has become extremely popular with entrepreneurs who have a product idea but lack the funds needed to set up a manufacturing facility to produce the product. Co-manufacturing, or the use of a third party to **manufacture** or **package** a product, is an increasingly common strategy for food companies to reduce assets, speed time to market, and often to reduce costs.<sup>1</sup>

A co-packer, or co-manufacturer, is an established company that processes and/or packages products according to a client's specifications. The client is out of the kitchen and can take advantage of the co-packer's expertise. The client also has more time to promote and distribute their product. However, the costs are higher and there are a limited number of co-packers.

Some co-packers will provide only the packaging, while others will help with the entire formulation, production, packaging, and labeling process. Most offer a no-cost initial consultation. Some co-packers even have marketing capability.

While there are many benefits associated with using a co-packer, the realities can include: loss of control over the product and its manufacture, an entrepreneur is at the mercy of the co-packer's production schedule, their fixed costs, and their method of doing business. The product must conform to the co-packer's equipment and facility limitations. In some cases, the co-packer may be producing a competing product. Confidentiality may be a problem as formulations, ingredients and product specifications must be shared with the co-packer. Disputes and litigation may tie up ingredients, supplies, and finished product for extended periods of time.

While the use of a co-packer may prove beneficial, there are issues which must be considered to determine whether using a co-packer is the most cost-effective and feasible method for your business. Some of the issues to investigate prior to partnering with a co-packer include:

- **Your Production Process and Costs**
- **Services Needed/Provided**
- **Co-packer's Safety and Quality Record**
- **Transparency**
- **Geographic Proximity**
- **Referrals**

---

<sup>1</sup> *An Insider's Guide to Co-Manufacturing*, J. Peter Clark, Food Technology, [www.ift.org](http://www.ift.org).

# Table of Contents

<b>Co-Packing.....</b>	<b>5</b>
<b>Why Use a Co-Packer.....</b>	<b>5</b>
<b>Disadvantages of Using a Co-Packer.....</b>	<b>7</b>
<b>Working with a Co-Packer.....</b>	<b>8</b>
<b>What to Look for in a Co-Packer.....</b>	<b>9</b>
<b>How to Find a Co-Packer.....</b>	<b>14</b>
<b>Evaluating a Co-Packer.....</b>	<b>15</b>
<b>How do I Determine the “Best” Co-Packer for Me?.....</b>	<b>15</b>
<b>Contractual Agreement with Co-Packer.....</b>	<b>16</b>
<b>Finding Expertise.....</b>	<b>18</b>
<b>Success Stories - Canadian Companies.....</b>	<b>19</b>
<b>Conclusion.....</b>	<b>23</b>

# Co-Packing

Co-packing or co-manufacturing, or the use of a third party to manufacture or package a product, is an increasingly common strategy for food and beverage companies to reduce assets, speed time to market, and often to reduce costs.<sup>2</sup>

A co-packer, or co-manufacturer, is an established company that processes and/or packages products according to a client's specifications. The client is out of the kitchen and can take advantage of the co-packer's expertise. The client also has more time to promote and distribute their product. However, the costs are higher and there are a limited number of co-packers.

## Co-Packer:

An established company that processes and/or packages other products according to clients' specifications.

**Note:** Co-packing is different from private label where the manufacturer owns the recipe, manufactures the product, and then puts the client's label on the finished product. When co-packing, the client owns the recipe and the co-packer does the manufacturing.

## Why Use a Co-Packer?

The use of co-packers has become extremely popular with entrepreneurs who have a product idea but lack the funds needed to set up a manufacturing facility to produce the product. In addition, many entrepreneurs starting a food business find that, in today's market conditions, greater profits are achieved through sales and marketing innovations than by what is done in manufacturing. If a company has limited resources they may receive more profit using these resources to develop efficient marketing procedures rather than spending them on setting up manufacturing operations.<sup>3</sup>

Some co-packers will provide only the packaging, while others will help the client with the entire formulation, production, packaging, and labeling process. Most offer a no-cost initial consultation. Some even have marketing capability.

---

<sup>2</sup> *An Insider's Guide to Co-Manufacturing*, J. Peter Clark, Food Technology, [www.ift.org](http://www.ift.org).

<sup>3</sup> Pamela L. Brady, Steve Seideman, and Justin R. Morris, Institute of Food Science and Engineering University of Arkansas, Division of Agriculture

### The primary reasons for using a co-packer are related to expenses and regulations

- 62 per cent of all new businesses that fail do so due to weak money leveraging efforts and lack of capital. With a co-packer, there is no need for up-front funds to build facilities, purchase equipment, buy permits, pay huge deposits for utilities, or hire employees.<sup>4</sup>
- Overseeing the operations of production facilities takes up valuable time that may be needed for selling and distributing products. This time may be better used expanding the markets for products.<sup>5</sup>
- The regulations (local, provincial and/or federal) associated with manufacturing a food product can be complex, costly, and time-consuming. Solid waste and waste water disposal, handling and storage of raw materials and finished products, licenses and permits, and the overall sanitation of the facility are examples of highly regulated processing concerns. By utilizing a co-packer, you avoid the money and time needed to deal with these issues. You also avoid plant health inspections, calculating wages and benefits for processing plant employees, and workers compensation issues, and a myriad of record keeping requirements.<sup>6</sup>

## Two Primary Reasons to Use a Co-Packer:

- **Expenses:** No need to build a facility, buy permits, or hire employees.
- **Regulations:** Federal, provincial and municipal regulations can be complex and time-consuming. By using a co-packer you could avoid much of this. There are some disadvantages, two of which are higher costs and loss of control over your product. But if you're just starting out, or looking to expand beyond the farm-gate, co-packing is a viable option.

Co-packers can provide services in addition to manufacturing and packaging. Scale-up of production from the home kitchen to the first plant trial is not as simple as many think. Often the initial commercial product is not what was expected. Activities occurring during processing such as heating, agitation during incorporation of ingredients, holding at high temperatures, and

---

<sup>4</sup> *Food Processing Using a Co-Packer*, Oklahoma Cooperative Extension Service, Division of Agricultural Sciences and Natural Resources, FOOD TECHNOLOGY FACT SHEET, Robert M. Kerr Food & Agricultural Products Center, FAPC-106

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*

pumping can affect the way ingredients perform and can result in very different products from those developed with preparation in a kitchen. Working closely with a co-packer, experienced in product development and food processing, can be invaluable to getting a recipe converted to a marketable product.<sup>7</sup>

Co-packers can help provide the labor, facilities, equipment, and know-how to customize, formulate, or completely assemble the best recipe and packaging for a product. They can provide assistance in finding the best sources for raw materials. Since a co-packer already has production capabilities in place, purchases raw materials and packaging in bulk, and has the appropriate equipment to reduce labor costs, entrepreneurs often find a co-packer can manufacture a product cheaper than they can manufacture it themselves. Co-packers often have industry contacts that an entrepreneur does not have and they can help establish marketing contacts as well as help with product production.<sup>8</sup>

## Disadvantages of Using a Co-Packer

While there are many advantages to working with a co-packer there are also some issues that may make it a less viable option. An obvious **disadvantage to using a co-packer is a loss of control over the product and its manufacture**. Many co-packers will request the entrepreneur be available in the plant the first time the product is run so they can ensure it is made to the customer's satisfaction. However, the presence of the customer is usually not requested for subsequent runs. An entrepreneur is at the mercy of the co-packer's production schedule, their fixed costs, and their method of doing business. The product must conform to the co-packer's equipment and facility limitations. **In some cases, the co-packer may be producing a competing product.**<sup>9</sup>

**Confidentiality** may be a problem as formulations, ingredients and product specifications must be shared with the co-packer. Oftentimes it is necessary to share customer and sales information. The co-packer has access to other information such as sales, volumes and price. This information can be protected to some degree with agreements, but confidentiality can never be assured.<sup>10</sup>

---

<sup>7</sup> Pamela L. Brady, Steve Seideman, and Justin R. Morris, Institute of Food Science and Engineering University of Arkansas, Division of Agriculture

<sup>8</sup> Ibid.

<sup>9</sup> John E. Rushing, Choosing and Using a Copacker, Department of Food Science, North Carolina State University

<sup>10</sup> Ibid.



Disagreements between customers and co-packers are not easily resolved. **Disputes and litigation may tie up ingredients, supplies, and finished product for extended periods of time.** Finding an alternative co-packer who can produce the same product may prove difficult.<sup>11</sup>

## Working with a Co-Packer

### Need to Understand Your Production Process Extremely Well



The better you understand your cost and quality drivers, the better you will be at managing your co-packer. Co-packers deliver to a specification and a set of instructions. If you don't develop and understand them, you will be relying on someone else to do so. If they don't have the same standards or preferences as you do, that will be a problem. Also, by knowing your own process well, you will have a better handle on the throughput, yield, waste, and bottlenecks, all of which

affect cost. These variables may be different in the co-packer's environment. However, as the expert of your own product, you will be much better equipped to help find efficiencies in their process and drive down cost.<sup>12</sup>

You should have business and marketing plans in place which outline your product needs in terms of size and type of container, number of units per given period, price to the buyer, and sales price. Get technical help from a university, a consultant or a testing laboratory to determine needs for product stability and safety. Once you have established the product information, write preparation and process instructions. Write the specifications for ingredients, packaging materials, regulatory compliance, and finished product.<sup>13</sup>

---

<sup>11</sup> John E. Rushing, Choosing and Using a Copacker, Department of Food Science, North Carolina State University

<sup>12</sup> Fresca Foods. Retrieved on August 11, 2016 from <http://www.frescafoodsinc.com/about-us>

<sup>13</sup> Rushing, J.E., Choosing and Using a Copacker, Department of Food Science, North Carolina State University



# What to Look for in a Co-Packer?

There are many factors to consider when working with a co-packer. These factors are dependent upon the unique needs required by your business. Following are excerpts from various resources regarding factors to consider when partnering with a co-packer.

According to the **Ontario Ministry of Agriculture, Food, and Rural Affairs**, there are three primary steps to choosing a co-packer:

## Step 1 - <sup>14</sup> Create a List of What you Expect from a Co-packer

### Establish your needs in terms of:

- Product quantity and quality
- Size and type of container
- Cost per unit time-frame for completion

### Write Clear Instructions for:

- Ingredients
- Packaging
- Regulatory compliance
- Testing of product

### List any extras that would be helpful:

- Product development
- Formula development
- Ingredient sourcing
- Business expertise

### Assess your legal insurance needs:

- Talk to your experts

### Establish product distribution requirements:

- Warehousing
- Transportation
- Export compliance

---

<sup>14</sup> Ontario Ministry of Agriculture, Food, and Rural Affairs. Sourced from <http://www.omafra.gov.on.ca/english/food/industry/bdb-start/threestep-copacker.html> on August 8, 2016.

## Step 2 - <sup>15</sup> Evaluate Possible Co-packers

**Create a list of processors who can produce your product. Look for processors who:**

- Produce similar products, or similar products with different seasonal requirements
- Have excess capacity
- Operate the type of specialized equipment you require
- Meet the expectations you outlined in Step 1

**Conduct a site visit with as many potential co-packers as possible, look for:**

- Cleanliness and order
- Recent inspection reports
- Quality control certifications
- Financial stability
- Willingness to meet your requirements

**Find out who else used the co-packer and talk to them about their experience**

## Step 3 - <sup>16</sup> Create a Contract

**Once you have chosen a co-packer, develop a contract. It should note who is responsible for:**

- Supplies
- Ingredients
- Processing
- Packaging
- Labelling
- Finished product

**Your contract may also need to cover:**

- Record keeping
- Handling of raw product
- Inventory control
- Testing and product approvals
- Liability insurance and workers' compensation
- Documented quality control processes
- Process scheduling and delivery dates
- Payment terms
- Non-compete agreements

**Have your lawyer review the contract before signing**

For further information contact the Ontario Ministry of Agriculture, Food and Rural Affairs at: Toll Free: 1-877-424-1300, or E-mail: [ag.info.omafra@ontario.ca](mailto:ag.info.omafra@ontario.ca)

<sup>15</sup> Ontario Ministry of Agriculture, Food, and Rural Affairs. Sourced from <http://www.omafra.gov.on.ca/english/food/industry/bdb-start/threestep-copacker.html>, on August 8, 2016.

<sup>16</sup>Ibid.

According to **Fresca Foods Inc.**, a US-based natural food manufacturer and marketer, following are the top five issues to consider when selecting a co-packer:

1. **Services Needed/Provided** - Start by assessing what you need. Co-packers come in many shapes, sizes, and breadth of services offered. Are you looking for a turn-key partner, who can also source your ingredients, warehouse and ship your products, or strictly a manufacturer? Consider the background and expertise of your team. If they are all sales and marketing experts, you may benefit from having a turn-key partner. If you can manage various supply chain and logistical aspects, there may be a strategic advantage to keeping these roles in-house, such as lower cost.<sup>17</sup>
2. **Safety and Quality Record** - In addition to evaluating the cleanliness and organization of potential co-packers during a site visit, meet with the head of Quality Control and ask the following questions:
  - What are your food and employee safety policies and procedures?
  - Have there been any food quality or safety issues? If yes, what were they and how did you resolve them?
  - Are there HACCP plans in place?
  - Who audits the facilities and how often? What actions were recommended during your last audit?
  - What certifications do you have (e.g. Kosher, Gluten Free, Organic, Non-GMO, etc.)?<sup>18</sup>
3. **Transparency** - Determine the level of communication and opportunities to collaboratively problem solve with each co-packer. Seek to understand what your process will look like, the team members involved, line capacity, cost drivers, and cost sharing opportunities. Generally the more transparent a co-packer is, the more trust will likely develop between partners. Considering this could be your brand's most important partnership, the trust factor is critical.<sup>19</sup>
4. **Proximity** - Being physically close to your co-packer means you can spend more time with them, build trust and train the crews. Proximity of manufacturing to your retailers is also

---

<sup>17</sup> Fresca Foods. Retrieved on August 11, 2016 from <http://www.frescafoodsinc.com/about-us>

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

critical. If you are not located near your customers, it's important to weigh the benefits and costs of the manufacturing location.<sup>20</sup>

5. **Referrals** - Ask co-packers for a list of current clients and contact them, in particular those clients that are similar in size to your operation. Ask those clients about their experiences with the co-packer in areas like problem resolution, decision making, and communication.<sup>21</sup>

According to an expert from the **North Carolina State University Department of Food Science**, you should prepare a checklist of needs you have from the co-packer:

- Will you require product development assistance such as safety determinations, coloring, stabilizers, emulsifiers, or preservatives?
- What special product concerns such as; acidity, thermal process, refrigerated ingredients, refrigerated product storage, do you have?
- Are there special ingredient concerns?
- Will the product require specialized ingredients in terms of variety, function, or size?
- Will ingredient preparation such as onsite chopping, peeling, coring, or sugaring be necessary?
- Can ingredients be purchased ready-to use?
- Are there alternative sources for specialized ingredients? <sup>22</sup>

**Consult with your lawyer and insurance carrier.** What do they feel you should require of your co-packer? Will a site visit be necessary? Scale-up of production from the home kitchen to the first plant trial may produce unsaleable or unusable product. Factors such as rate of heating, agitation during incorporation of ingredients, holding at high temperatures and pumping can affect ingredient functionality and product appearance. Adequate product development prior to the pilot run will minimize this, but unforeseen factors may still cause differences in the product. How will the final product be distributed? If it is to be shipped to a central warehouse, what requirements will you have for the co-packer? Many companies are under mandatory solid waste reduction.

---

<sup>20</sup> Fresca Foods. Retrieved on August 11, 2016 from <http://www.frescafoodsinc.com/about-us>

<sup>21</sup> Ibid.

<sup>22</sup> Rushing, J.E., Choosing and Using a Copacker, Department of Food Science, North Carolina State University.

Will the product be shipped in boxes or over-wrapped trays? On which kind of pallet shall they be furnished? Should the boxes be over-wrapped or glued to keep them on the pallet? <sup>23</sup>

Will you need storage of ingredients, supplies, or finished products? Will you need the co-packer to order or ship these materials? How much inventory will you need to have? Will buyers require that the food be manufactured under particular quality, safety, or certification systems such as HACCP, ISO 9000, Kosher or Halal? Do regulations require USDA compliance, or certification for low-acid canned foods or acidified foods? Is there mandatory HACCP compliance or a third party audit required? <sup>24</sup>

**Determining which co-packer best meets your needs requires serious thought. Some questions to ask include:**

- **Who is producing a product similar to mine?** Generally successful custom processing agreements are made with manufacturers already producing a similar product. For example, a person wanting to sell a specialty barbeque sauce would probably find their best deal with a bottle sauce/salad dressing/condiments manufacturer. <sup>25</sup>
- **Who has excess capacity?** Manufacturing establishments operating at less-than-full capacity often look for additional business to keep their plants functioning. These manufacturers can often earn extra income using their existing equipment and labor with only a small increase in operating costs. <sup>26</sup>
- **Who is making a product similar to mine but with a different seasonal market?** You may find a co-packer whose primary products have peak seasonal demands that differ from yours. For example, a small ice cream manufacturer whose production drops considerably in the winter may be willing to co-pack for someone with a holiday eggnog recipe.
- **Does my product require specialized equipment?** Choices for co-packers may be limited by their equipment. However, you may find a co-packer willing to accommodate you if you pay for all or part of the necessary equipment, which will then be incorporated in the existing processing facility.<sup>27</sup>

---

<sup>23</sup> Rushing, J.E., Choosing and Using a Copacker, Department of Food Science, North Carolina State University.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

# How to Find a Co-Packer

Generally a desirable co-manufacturer has in place appropriate and available assets for most, if not all, of the required process. Frequently some investment is needed, especially for new products, and who bears that cost, and how it is recovered, must be negotiated.<sup>28</sup>

Often there are options for processing a new product. For example, a beverage might be cold-filled, hot-filled, aseptically processed, or post-filling pasteurized. Usually packaging is intrinsic to a new product, but not always. If packaging is novel, new equipment might be required which involves some lead time. Packaging material also has a lead time especially if the form is unique. Savvy partners might suggest use of an off-the-shelf bottle, for example, that is easily available and known to run well on existing equipment.<sup>29</sup>

Companies that primarily manufacture private label products often are candidates for co-manufacturing similar products. Private label typically refers to products carrying a store brand rather than a major consumer product company brand. Most store brands are made by smaller companies that can offer economies because they do not spend much money on research and marketing. Customers of private label manufacturers typically bring a formula or prototype to be duplicated and bear most of the marketing cost.<sup>30</sup>

## Did you ever wonder why it was so difficult to find a co-packer? According to the American Food Co-Packing Directory, there are several reasons:

- **Many “co-packers” aren’t primarily co-packers.** They are small specialty food production businesses producing the primary products the company is known for, and their “co-packing time” is spare time they have between production runs of their products. Not wanting the plant to shut down unnecessarily, they produce other people’s products to fill this spare time.
- **There are several terms for “co-packers”,** but they all do the same things. Besides co-packers, other terms include: “contract packaging, product development, incubators, and shared use kitchens. Very few advertise their services beyond their website.
- **Geographic proximity.** The unit cost of having your products produced a few provinces away can be much more cost effective than using a nearby co-packer that might not fit your needs. It might be worth adding a reasonable shipping cost, to get the best value for what you want. Shipping costs per unit can be as little as five to ten cents per unit.

---

<sup>28</sup> Rushing, J.E., Choosing and Using a Copacker, Department of Food Science, North Carolina State University.

<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

# Evaluating a Co-Packer

Here are some questions to consider, recognizing that every case is unique:

- What assets are available?
- What assets are missing?
- What alternative processing or packaging might work?
- Is space available for additions? For storage?
- How is confidentiality assured?
- What technical resources are available? What kind of product/formula/packaging development is offered? What about quality assurance?
- What is the firm's reputation? Are references to customers available?
- Is the company financially stable?
- What about information technology? Is it compatible with the customer's systems?
- Is the culture compatible?
- What are the labor relations considerations?
- Is the firm environmentally sound, sustainable, and energy efficient?
- What are the cost elements?
- How are standards developed? Where are the risks of waste and defects?

Obviously there can be many more details that need discussion but the above are some of the more pertinent questions.<sup>31</sup>

## How Do I Determine the "Best" Co-Packer For Me?

After determining which co-packers are physically able to manufacture your product, you should meet with as many as possible. Tour their facilities and determine which one best fits your processing needs at an appropriate cost. The following should be considered when meeting with potential co-packers:<sup>32</sup>

---

<sup>31</sup> Rushing, J.E., Choosing and Using a Copacker, Department of Food Science, North Carolina State University

<sup>32</sup> Ibid.



- Treat each meeting as if you were interviewing a prospective employee or service provider since you will be paying them to provide a service.
- Ask for a confidentiality agreement before discussing details of your product, recipe, or your marketing opportunities.
- Ask specific questions about manufacturing procedures and controls, inputs procurement, process management, safety programs, and quality assurance.
- Ask to see inspection reports.
- Ask about the specific costs associated with processing and handling your product.
- Ask about the financial stability of each co-packer. If a co-packer goes bankrupt or has to close operations you will have no products to sell.
- Request information about any additional services they are able to provide. This may include introductions to brokers or distributors they work with or some of whom may be interested in marketing your products to retail store chains and/or institutional markets.<sup>33</sup>

## Contractual Agreement with Co-Packer

After choosing a co-packer you must develop a contractual agreement to ensure that products are manufactured according to your specification in a timely manner. A contract does not have to be written to be legally binding but a written agreement greatly decreases the chances of a misunderstanding. A simple order form may be sufficient for your needs if it contains the following five elements:<sup>34</sup>

- **The parties involved** – this is an agreement between two companies, not individuals. Ensure that the contract reflects this even if both parties are sole proprietorships.
- **The quantity to be produced**
- **The quality to be produced** – specify the use of your recipe and any particular style or brands of ingredients you require.

---

<sup>33</sup> Rushing, J.E., Choosing and Using a Copacker, Department of Food Science, North Carolina State University

<sup>34</sup> Ibid.

- **The price of the service** – Be specific regarding the way that the price is determined (i.e. per unit or per hour), payment deadlines, and the manner in which payment is to be made (cash, cheque, or other payment terms).
- **The periods in which the work is to be completed** <sup>35</sup>

Do not sign a contract without carefully reviewing the document. Include your lawyer and/or accountant to ensure that the terms of the agreement are satisfactory and that you are legally and financially protected in the event of business and/or regulatory problems. Factors to be discussed with a lawyer and accountant before signing a contract with a co-packer include (but may not be limited to) the following:

- Regulatory complaints
- Ingredient specifications
- Quality control and monitoring by the co-packer
- Completion/delivery dates for the finished products
- Liability issues
- Other contractual clauses that may be applicable for your specific product <sup>36</sup>

Co-packing can be a valuable business strategy for both the client and the co-packer, but it requires considerable skill on both sides to execute successfully. A common progression is to introduce a new product through co-packing, then bring it in house if it is successful. There have been long-running arrangements, but typically, co-packing of any one product is shorter term.<sup>37</sup>

---

<sup>35</sup> Rushing, J.E., Choosing and Using a Copacker, Department of Food Science, North Carolina State University

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

# Finding Expertise

There is various literature regarding what to do when it comes to sourcing a co-packer. Some of these sources follow.

- **Cornell University, College of Agriculture and Life Sciences. Northeast Center for Food Entrepreneurship**  
<https://necfe.foodscience.cals.cornell.edu/kitchens-supplies/small-co-packers-commercial-kitchens>
- **Packaging World**  
<http://www.packworld.com/>
- **PennState Extension**  
List of Co-packers/Manufacturers in Pennsylvania and beyond  
<http://extension.psu.edu/food/entrepreneurs/co-packers/pennsylvania-co-packers>
- **Specialty Food Co-Packers Directory**  
<http://www.specialtyfoodcopackers.com/>

# Success Stories - Canadian Companies

Finding the right co-packer to meet unique company needs is critical and can result in a mutually beneficial collaboration. Following are examples of how three Canadian companies (Nestle Waters Canada, Sleeman Brewing, Vega) have successfully collaborated with Bullseye Packaging, a Canadian co-packer, specializing in retail product packaging.



## Bullseye Packaging

Bullseye Packaging is a Canadian packaging, shrink wrap, and warehousing company serving Western Canada. The award winning company is dedicated to the success and growth of custom and specialty retail pack formats. They support manufacturers with specialty packaging and custom product launches. Bullseye also supplies comprehensive package traceability, and reports on each project throughout production.

One of the best ways to launch a new product is within a variety pack. However, variety packing is inherently inefficient for a manufacturer. Bullseye provides a solution to avoid common errors in product launches as well as avoiding the equipment, space, labour, and supervision costs of custom pack formats. From conception to market, Bullseye has supported a number of successful new product launches and new pack formats (Source: Bullseye Packaging website).

## Co-Packer: Bullseye Packaging



### Nestle Waters Canada

Nestle Waters Canada is one of the largest bottled water and flavoured water manufacturers in the world. Nestle was looking for a new co-packer and Bullseye introduced themselves as an efficient and logical solution to both their quality and service concerns.

Bullseye set up their production facility within Nestle's distribution center to provide Nestle with the maximum oversight and minimum transportation costs possible. Having Nestle as a neighbor to Bullseye has been mutually beneficial. Bullseye is able to respond immediately to changing priorities and Nestle is able to complete regular quality and service audits from their own distribution enter.

**Results:** From the Enhanced Water product for Costco, to Perrier Variety Pack, and the San Pellegrino club pack, Bullseye has exceeded expectations and ensured their product was ready for market on each new launch. The variety pack and specialty formats that Bullseye worked on with Nestle have grown in market presence and in volume. Consistent performance and quality has resulted in successful retail placements and consumer interest (Source: Bullseye Packaging website).

## Co-Packer: Bullseye Packaging



### Sleeman Brewing

Years ago Sleeman was processing their own variety packs in-house, with support from a local co-packer for heavy demand periods. They experienced the frustration and inefficiencies that many clients face with this production model and were looking for a better way to operate.

Bullseye presented their services in BC as a solution to both Sleeman's in-house and outsourcing quality and service concerns. Within a short time of working with Bullseye, all of Sleeman's variety packing production was transferred to Bullseye to set up an operation in Calgary and continue to service their needs from there. Since 2013, Bullseye has regained all of the Western Canadian production with Sleeman. Bullseye now has a warehouse in Chilliwack, BC and Calgary, Alberta to service all variety packing needs on a consistent and reliable basis.

**Results:** The transition from processing variety packs in-house to Bullseye was very smooth. Bullseye ran a trial truckload to confirm all reporting systems were effective and ready to process their products on a regular basis. Based on Bullseye's quality and service, they began processing all variety packs for Western Canada.

Bullseye focuses on pack format specifications, artwork, case seal, product mix, and lot traceability so that Sleeman can focus on delivering the product to retail stores efficiently and consistently. Bullseye works with the planning department to schedule needs on a priority basis and ensure the market is always flush with product.

**Client Testimonial:** We have been so pleased to work with Bullseye Packaging and they have been an integral part of the success of mixed beer packs! They have provided an exceptional level of customer service with a keen eye for quality. They have welcomed all our rush requests and have been more than accommodating to the complexities in our supply chain". Lauralee Legge, Inventory Planner, Sleeman Breweries Ltd.

(Source: Bullseye Packaging website).

# Co-Packer: Bullseye Packaging



## Vega

Vega is a premium brand of convenient, plant-based, food alternatives such as protein and nutrition shakes, protein bars, and sport endurance gels.

Vega approached Bullseye Packaging based on a reference from a Bullseye client. Vega heard that Bullseye had great quality, service and competitive pricing. Vega has been working with Bullseye for several years which has allowed them to grow without having to worry about their finished packs.

### Services Provided:

- 10 pack display
- 12 pack display
- Starter kits
- Promotional displays
- Mailer samples
- Tub displays
- Floor displays
- Counter displays

**Results:** Vega has grown very quickly – more than doubling in volume and market demand each year. By working with Bullseye, Vega has been able to focus on their production, product quality, and marketing. Bullseye has supported their finished pack production, retail displays, and specialty marketing campaigns. Bullseye is now the preferred vendor for all of Western Canada and Pacific Northwest volumes. Bullseye partners with Vega’s planning department to ensure that all customer orders are filled in a timely and efficient manner. Their success and continued growth are a testimony to the value of partnering with a vendor that’s right on target.

**Client Testimonial:** Bullseye has been a great partner for us over the past few years. They are very responsive to our needs, both small and large. We have confidence in the quality of work that they provide” (Source: Bullseye Packaging website).

The examples above illustrate how some Canadian food and beverage manufacturers have successfully utilized the services of a Canadian retail package co-packer. The key to a successful collaboration is to ensure that the co-packer has the unique attributes and understanding of company needs that a company requires.



# Conclusion

The use of co-packers has become extremely popular with entrepreneurs who have a product idea but lack the funds necessary to set up a manufacturing facility to produce or package the product. Co-manufacturing, or the use of a third party to manufacture or package a product, is an increasingly common strategy for companies to reduce assets, speed time to market, and often to reduce costs.<sup>38</sup>

Some Canadian food and beverage processors have been successful in their collaborations with co-packers to either manufacture and/or package their products. While the use of a co-packer may prove beneficial, there are many issues that must be considered to determine whether using a co-packer is the most cost-effective and feasible method for your business.

It is critical that food and beverage processors thoroughly review and document their business costs and processes and determine exactly what they require from a co-packer prior to enlisting their services. Checking the co-packer's references can help to determine whether they have achieved customer satisfaction with previous clients and thus are more likely to have a successful outcome with your company. Once all requirements are noted and references have been checked, a company can approach a co-packer to determine whether that co-packer is the right fit for their business. Being well prepared and choosing a co-packer that has a good reputation and can offer the required services will help to achieve a successful collaboration.

---

<sup>38</sup> *An Insider's Guide to Co-Manufacturing*, J. Peter Clark, Food Technology, [www.ift.org](http://www.ift.org).

# References

Alberta Agriculture and Forestry. Retrieved on September 28, 2016 from [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/fpdc5012](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/fpdc5012)

Bullseye Packaging. Retrieved on November 28, 2016 from <http://www.bullseyepackaging.ca/success-stories/>

Success Stories. Retrieved on September 28, 2016 from [http://www1.agric.gov.ab.ca/\\$Department/deptdocs.nsf/all/fpdc5012/\\$FILE/success-stories.pdf](http://www1.agric.gov.ab.ca/$Department/deptdocs.nsf/all/fpdc5012/$FILE/success-stories.pdf)

*An Insider's Guide to Co-Manufacturing*, J. Peter Clark, Food Technology, Retrieved on August 10, 2016 from [www.ift.org](http://www.ift.org).

*Choosing and Using a Co-Packer*. Pamela L. Brady, Steve Seideman, and Justin R. Morris, Institute of Food Science and Engineering University of Arkansas, Division of Agriculture. Retrieved on August 12, 2016 from <http://arkansasagnews.uark.edu/985.pdf>

*Food Processing Using a Co-Packer*, Oklahoma Cooperative Extension Service, Division of Agricultural Sciences and Natural Resources, FOOD TECHNOLOGY FACT SHEET, Robert M. Kerr Food & Agricultural Products Center, FAPC-106

Fresca Foods. Retrieved on August 11, 2016 from <http://www.frescafoodsinc.com/about-us>

Ontario Ministry of Agriculture, Food, and Rural Affairs. Retrieved on August 8, 2016 from <http://www.omafra.gov.on.ca/english/food/industry/bdb-start/threestep-copacker.html>.

Rushing, John E., *Choosing and Using a Copacker*, Department of Food Science, North Carolina State University. Retrieved on August 12, 2016 from <http://www.caes.uga.edu/departments/fst/extension/documents/ChoosingaCo-Packer-JERushing.pdf>

# Appendix 1

## Canadian Co-Packers According to the Specialty Food Association (SFA)

This listing consists only of Specialty Food Association (SFA) members who have indicated to the SFA that they are co-packers. It should be noted that not all Canadian co-packers are listed in this directory. The directory includes the products that they co-pack, types of packaging they use, and specialized packing equipment (such as enrobers, form-fill and seal, smokers, vacuum packaging, etc.). The Specialty Food Association Membership Directory can be accessed at:

<https://www.specialtyfood.com/>

### **Brockmann's Chocolates**

<http://www.brockmannchocolate.com>

7863 Progress Way

Delta, BC, V4G 1A3

(t) 604-946-4111

(f) 604.946.4114

**Specialties:** Premium truffles, clusters, single pieces and bars, filled and molded chocolate and enrobed chocolate pieces. 6,000 kg per day volume capability.

**Services:** Product development, packaging design, ingredient sourcing and warehousing.

### **Dare Foods / Lesley Stowe Fine Foods**

<http://www.darefoods.com>

25 Cherry Blossom Road

Cambridge, ON, N3H 4R7

(t) 519-893-3233

(f) 519-893-836

**Products:** Sugar confectionery: jelly beans, gummies, starch gums, hard candies; bakery products: cookies, crackers, baking ingredients

**Packaging Equipment:** Vertical form and fill, horizontal flow-wrap, sleeve-wrap

**Packaging:** Bags, boxes

### **Ecopack Canada Inc.**

<http://www.ecopack.com/>

26 Easton Road, Unit 6

Brantford, ON, L8J 2V2

(t) 519-754-0220

Produces environmentally friendly cellulose paper packaging and paper moulds for the baking industry globally with BRC certified manufacturing plants located in Italy, Canada, India, Russia, Brazil and Tunisia. All products are manufactured using recyclable and biodegradable paper. All approved materials meet FDA standards for direct food contact. All products can be used in ovens and microwaves.

### **Hippie Snacks**

<https://www.hippiesnacks.com>

4612 Dawson Street  
Burnaby, BC, V5C 4C3  
(t) 604-879-9100  
(f) 604-879-9164

**Products:** bulk nuts and mixes, granolas

**Packaging Equipment:** Weight right iQ-1E, Emplex band sealer, CAM packaging 8R-PMB

**Packaging:** Bags, boxes

### **Saxon Chocolates**

<http://www.saxonchocolates.com>

21 Colville Road  
Toronto, ON, M6M 2Y2  
(t) 416-675-6363  
(f) 416-675-2777

**Products:** Chocolate molding, panning, dipping and enrobing.

**Packaging Equipment:** Chocolate panning and enrobing

**Packaging:** Jars, cello, bags, boxes

### **Tootsi Impex Inc.**

<http://www.tootsi.com>

8800 Blvd. Henri Bourassa W  
Saint-Laurent, QC, H4S 1P4  
(t) 514-381-9790

**Products:** Dried fruits, nuts, seeds, grains, chocolates, candies

**Packaging Equipment:** packaging machines

**Packaging:** Cans, bags, boxes, shrink wrap

### **Wildly Delicious**

<http://www.wildlydelicious.com/>

114A Railside Road  
Toronto, ON, M3A 1A3  
(t) 416-444-2011  
(f) 416-444-0010

**Products:** gourmet dip mixes (hot baked as well as chilled dip mixes), gourmet hot chocolate, brie bakers and baked brie toppings, pulled pork seasonings, burger seasonings, beer can chicken seasonings, cake in a mug mixes, and much more.

**Packaging Equipment:** State-of-the-art, flexible bottle line, package sourcing service, private-label design services

**Packaging:** Bottles, jars, cello, bags, boxes