



The Lightning Flash

Issue No. 7

SUMMER 2006

The quarterly newsletter from Lightning Labels, the leaders in digital label printing

From the Desk of Peter Renton

Writing in the 21st Century

I have always enjoyed writing. Ever since I penned my first short story in grade school English classes, I have enjoyed putting pen to paper. I inherited this trait from my father who spent his 20's trying to become a professional fiction writer. Unfortunately he wasn't able to make enough money to support himself (let alone a family) so after turning 30 he pursued a career in business instead.

I didn't have similar aspirations; writing was always just a hobby for me. But I have found that in small business writing comes in handy in so many areas, particularly in marketing. Marketing is mostly about communicating with your customers and prospects through the written word. It is in this function that I have been able to utilize my love of writing. This newsletter is part of our marketing program here at Lightning Labels, and for me it is one of the most enjoyable parts of my job.



Just recently we have added a new marketing program here. It is very much a 21st century tool, and a completely new avenue for writers. I am talking about blogs (short for weblogs). A blog is basically just a frequently updated website where entries are kept in reverse chronological order. Blogs have evolved from being just a personal online diary to a legitimate business tool. There are blogs on a huge variety of business topics today, but the Lightning Labels Blog is one of the first in the label printing industry.

When you get a chance, visit our new blog. The address is <http://blog.lightninglabels.com>, and there is a link to it on our website. Let me know what you think.

Cheers,

Peter Renton
Founder, Director of Business Development

Cool Lightning Fact

Lightning can strike twice. The Empire State Building in New York is struck about 25 times every year.

The Opportunity of Private Labeling

I was having breakfast at a local restaurant the other day when I noticed on the table there was a bottle of hot sauce with the restaurant's name on it. I was impressed because I knew this was no chain - it is just a small independent restaurant who was taking advantage of private labeling. I was even more impressed when I recognized the company on the label and realized that we had actually printed these labels for one of our customers who specialize in private labeling.

What is Private Labeling?

First, let's be clear about what I mean by Private Labeling. According to Wikipedia, the online encyclopedia, private label products or services are typically those manufactured or provided by one company for offer under another company's brand. So this covers everything from Wal-Mart brand products to the small restaurant putting their

label on someone else's hot sauce.

It is amazing the number of businesses now that are engaged in some form of private labeling. Restaurants, hotels, spas, hair salons, even car dealers are all putting their own brands on products such as hot sauce, lotions, shampoos, coffee, lip balm, bottled water and wine. Many corporations want to put their own logos on products that they give away to reinforce their brands. The corporate gift market is particularly busy around Christmas. There are also many small businesses that want to appear more professional by having their own brands of products to sell - coffee and bottled water are especially popular here.

Getting Started

So how do you get started in private labels? The easiest way is to just start selling to other local companies. If you sell coffee then start with the local cafés and donut shops - many companies are happy to support other local compa-

Continued on page 2

Phone: (888) 68LABEL (888-685-2235)

Fax: (303) 695-0441

Internet: www.lightninglabels.com

Email: info@lightninglabels.com

Published by Lightning Labels Inc., 2369 S. Trenton Way, Unit C Denver, CO 80231

Written and edited by: Peter Renton peter@lightninglabels.com

© Copyright 2006 LL

The Opportunity of Private Labeling

Continued from page 1

nies, particularly if they can get their own brand name on the products. Obviously, your existing customer base would also be a good place to start.

Once you have a few private label customers you can then start a formal "Private Label Program" giving prospects examples of what other companies have done. One important point to note is be sure to make it as easy as possible for your customers. You should offer to do all the work for them including the labeling, so they will just receive the finished product. You may end up having lower margins on your private label products, but you can make up for that with increased volume.

Private Label Resources

You don't have to do it alone in your private label venture; there are plenty of resources out there to help you. There are two main publications that you can read:

Private Label Magazine - www.privatelabelmag.com

Private Label Buyer - www.privatelabelbuyer.com

There is also a national organization - the Private Label Manufacturers Association (www.plma.org) that puts on a big trade show every year just for the private label industry. I would also expect your own industry trade association will be a useful resource for you, they may even have some information on private labeling.

A simple search request for "private label" on Google brings up over 10,000,000 pages. Add your industry to that search and you will have a wealth of information more specific to your needs. For instance, the search "private label coffee" brings up over 13,000 pages. You should do this to see what your competitors are doing in your industry, which actually could give you many ideas. While you are online you should also look for blogs and news articles within your industry - there is a lot being written about private labeling.

Here at Lightning Labels we will be happy to help you with the label part of your private label program. We see dozens of designs every day, so we can help with the design of your labels as well as the printing. The big advantage for you, as a Lightning Labels customer, is that you can offer small quantities to your private label customers and then "gang run" many jobs together to get a better price for your labels. You can even add your own brand labels to these jobs, so your own per-unit label costs will be reduced.

Reaching the Next Level

If you continue to do all the production work yourself there is obviously a limit to how large your private label business can be. If you want to reach the next level you will need to hire the services of what is known as a Contract Packager. Basically, these are companies that take your product and packaging and put it all together for you and then ship it to your customers. They can even mix your ingredients for you to create your end product. You need to be at a

reasonably high volume for this to be worthwhile, but the beauty of outsourcing your production work is that it scales very easily - and it leaves you time to focus more on bringing in business.

The Contract Packaging Association (www.contract-packaging.org) is the trade group for contract packagers and their web site has a wealth of information. You can read about the criteria you should use when choosing a contract packager. They can even help you find a contract packager in your area with the capabilities that you need.

Once you have a relationship with a contract packaging company then you can really begin to scale your business. All the large supermarkets and drug retailers are increasing the number of products that they sell under their own label. Store brand products now account for 25% of sales at US supermarkets and 40% of sales at Wal-Mart. Now, I realize it is going to be difficult to get your products in to Wal-Mart or any of the big national chains, but there are plenty of smaller regional supermarkets and drug store chains where you will have a better chance.

The Potential

Here at Lightning Labels we have seen it many times. A customer will start out small ordering their own brand of product. Then they will start private labeling with a few of their key customers. The next thing you know they are sending us dozens of different labels for a large number of customers as they expand their private label business.

I know it may be just a dream for many of you to have your products as the store brand at a national chain, but if you don't start out down the private label road you may never know the potential for your product. If you are completely focused on selling your products under your own brand at wholesale or in a retail store you may be missing out on a huge growth opportunity. The private label trend shows no signs of slowing down - you could very well find that the sky is the limit.



Customer Focus

Teri Pringle Blue Flour Irmo, SC



Teri Pringle has always loved baking. Growing up in Syracuse, New York, she has wonderful memories of her neighborhood bakery, and their tasty creations. She has spent her entire career around food - in restaurants, catering and sales. Last summer she decided to quit her job to spend more time with her young kids.

In the fall when they went back to school she realized she needed to do something with her spare time, so she took up baking again. She started baking cookies for friends and family - soliciting their feedback as she developed her recipes. Thanks to their brutally honest opinions she now has a quality selection of baked goods.

Teri is currently leasing a kitchen with a catering company to do her baking, and she plans on growing her business slowly. She is putting the finishing touches on her web site (www.blueflour.com) where she will sell her 14 different cookie flavors. She is also selling cookies to some of her old restaurant and catering contacts, and one day she would love to have a small store in Columbia, SC.

When she needed labels for her cookie tins, she spoke with a friend who was using Lightning Labels. Based on that recommendation, she gave us a try and she is glad she did.

"You guys did an incredible job on the labels," says Teri. "The colors are so vivid, we couldn't be happier. And you did it all so quickly."

Teri has leveraged the power of digital label printing that is very helpful for startups. She ordered just 100 labels of each of her 14 different flavors. Such small quantities would be exorbitantly expensive with traditional label printing, but using digital printing her label unit cost was quite reasonable. Now, she has high quality, professional looking labels on her cookie tins. Looking at these labels no one would ever know Blue Flour is a new operation. Now, Teri has the high quality labels to match the high quality taste of her cookies.

Teri was kind enough to send us some free samples and so we were able to enjoy some of her wonderful cookies. My favorite was the Apple Strudel flavor, we have pictured the label below.

Thanks for sharing your story with us Teri. Good luck in the wonderful adventure growing a business can be.



A Glimpse of the Future Electronic Paper is Coming

Back in March I noticed a small article about a new company called Quantum Paper in one of the label trade publications. They were announcing the release of new electronic paper technology. Basically electronic paper is a very, very thin electronic display - as thin as a piece of paper. I think this is really big news, and I have been surprised that no one else in the printing media has picked up on it. It might be because E-Ink has beaten them to the gun, but the technology from Quantum Paper is really the next step forward.

What is revolutionary about Quantum Paper's technology is that the display is "printed" on paper, and can actually be printed by standard printing equipment. I think this is truly amazing, and it signals the very start of a huge shift in the printing industry. I firmly believe that this will end up being the biggest development in printing since Gutenberg. It will probably be years or decades before this technology makes it into the mainstream, but the printing industry will be forever changed when it does.

Siemens, the huge German electronics company, has also been working on electronic paper. They have actually been working on developing a paper-thin electronic display for packaging and labels. They intend to make it so cheap that eventually it could replace conventional labels on disposable packaging. They claim that by next year these displays might be appearing on pharmaceutical products.

These electronic displays will be powered by ultra thin batteries and they could provide some basic animation by cycling through multiple pictures or messages. Just imagine that. Products will have a "label" that will be dynamic - not just the fixed printed label that we have today.

I think eventually regular printed labels on products will all but disappear. In the (probably distant) future products will have these electronic displays that will offer far more information than today's paper labels. They will be full blown electronic touch screens where you will be able to access the product maker's web site for more information. You will be able to see video demonstrations about the product right there while standing in the supermarket.

Here at Lightning Labels we will be following these developments carefully and we will continue to keep you informed about what is available.



Lightning Labels
2369 S. Trenton Way, Unit C
Denver, CO 80231
www.lightninglabels.com

PRSR STD
U.S. POSTAGE
PAID
DENVER CO
PERMIT NO. 152

Learning About Labels

How do I get a Bar Code for my products?

If you want to sell your products in retail stores then you need to get a bar code. The bar code on most retail products in this country is called a UPC (Universal Product Code), and you obtain them from the Uniform Code Council. You first need to become a member of what is mysteriously called their GS1 US Partner Connections. The amount you pay is dependent on the number of products you will be selling, and your company's gross revenues.

The processing time is usually just 3-5 days and then you receive your company prefix number. You can then create your full bar code number for each product with the help of the membership kit you will receive. Once you have your

number you just need the software to create your bar code. Here at Lightning Labels we will be happy to take care of that step for you.

If you have a small number of products (less than twenty) there is a more cost effective way to obtain a registered UPC code. Just type "buy a bar code" into Google and you will see many companies selling barcode numbers for far less than the UCC membership fee.

One point to remember when you are designing your labels - keep a space for the bar code. The official size requirement is around 1" high x 1.5" wide. In reality we do bar codes here that are as small as 0.5" high and 1" wide. Any smaller than that and you will have difficulty scanning them. We can always do a test scan for you here to make sure your bar code is ok. One last important point, your bar code needs to be on a white background to be scanned easily.

A Touch of Humor

For weeks a five-year-old child kept telling his kindergarten teacher about the baby sister or brother that was expected at his house.

One day the mother allowed the child to feel the movements of the unborn baby. The five-year-old was obviously impressed, but made no comment. Moreover, he stopped telling the teacher about the awaiting event.

Finally the teacher sat the child on her lap and said, "Lucas, whatever has become of that baby brother or sister you were expecting at home?"

"Lucas burst into tears and confessed, 'I think Mommy ate it!'"

New LL Blog Launches

Visit our blog at <http://blog.lightninglabels.com>

In April we launched the Lightning Labels blog, one of the first and only blogs dedicated to the label printing industry. It is designed very much as an educational tool for you, our customers, a place where you can learn everything you want to know about labels.

A blog is really just a frequently updated website, our blog is updated 2-3 times a week with new information. There is a link to it from the home page of our web site. On the LL Blog, you will see the different ways you can be notified of new blog entries. The easiest way is to sign up for email updates - details are on the blog.

"Remember that there is nothing stable in human affairs; therefore avoid undue elation in prosperity or undue depression in adversity." - Socrates