



Bagged Cement in the UK

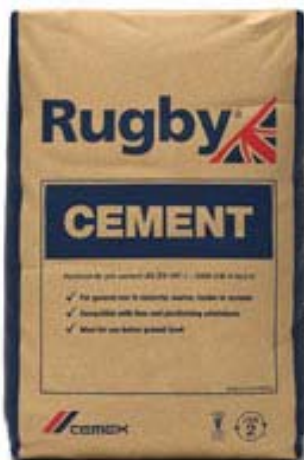


Introduction

Paper sacks as a means of storing and delivering cement were developed early in the Twentieth Century and by the 1920s, with the introduction of the spout packer, were replacing the traditional jute sacks and wooden casks in the British market. In the 1950s, however, with developments such as pneumatic conveying, bulk shipment became possible and gradually more economic. As in other mature markets, bulk distribution came to dominate and now represents the majority of cement deliveries in the UK, while bags constitute about 18%. Packed product remains an important market segment, however, vital for supplying the retail market, where small quantities are required and brand differentiation makes an impact. Fifteen years ago the manual handling regulations forced a switch from 50 to 25kg bags, in a major upheaval of the packed cement market, followed more recently by changes to the requirements for quality and safety labelling. A phase of rebranding and redesigning cement sacks has followed in the wake of changes to company ownership and of technical improvements developed by suppliers. Lately the emphasis has switched to the impact of packaging on the environment, and the rival claims of paper and plastic to greater sustainability. Strategic choices on packaging have consequently had an impact on company procurement of materials, machinery and logistics.

Branding and labelling

The restyling of Hanson's newly merged cement and ggbs businesses as Hanson Cement early in 2009 saw the adoption of a new corporate identity with packaging, brochures and vehicle livery progressively changed to reflect a strong Hanson branding. The former Castle Cement's red turret logo, however, has been retained and key information about storage and use is clearly set out. At about the same time, Lafarge's re-branding of packed products was undertaken in consultation with specialist market research agency, Lychgate, which advised on customer perceptions and requirements. The launch was part of a wider 'Clarity in the Market' campaign which rationalised labelling of bagged cement. The long-established 'blue circle' logo survived, although it is less prominent than when Lafarge took over the British business. Likewise, the Rugby name continues on packed cements from Cemex, which, as of April 2010, carry the carbon label to show that each generates between 17-24 kg of carbon dioxide, depending on the product composition.



Sustainable packaging

This latest phase in the packaging of cement has been most conspicuously led by Lafarge. The company invested heavily in a five-year research project to develop a polyethylene sack that would not react with its contents. This done, Lafarge undertook selective trials and decided in early 2006 to extend these to the national market. In the October, it announced that certain of its cements would be supplied in plastic sacks throughout the country. It also launched 10kg plastic bags of 'Mastercrete', 'Original' and 'Extra Rapid' for the DIY market in March 2007.

In 2008 Lafarge commissioned BASF to quantify the environmental impact of plastic, rather than paper sacks. The resulting Cement Packaging Efficiency Analysis found that plastic was 39% more environmentally sustainable than paper alternatives, pointing in part to reduced energy consumption in bag manufacture and less material waste from damage to packaging or premature setting from moisture. A summary of the report can be found in *International Cement Review* (Oct 2008, pp.99-100). Its claims have not gone unchallenged, and the *ICR* published a riposte by the Swedish firms, Billerud AB and CEPI Eurokraft Paper (Feb 2009, pp.93-94).

Whereas Lafarge's strategic shift to plastic has directed recent developments in the UK, Lafarge Cementos in Spain, this year, has become the first cement company in the world to receive FSC certification for its responsible sourcing of forest products for pallets and the kraft paper used in traditional sacks.

Bagging operations in the UK

In conjunction with the change to plastic sacks, Lafarge announced in October 2006 that bagging for the Midlands market would be concentrated at Cauldon Works, leaving Hope free to concentrate entirely on bulk supply. The company placed orders for three new bagging machines that year.

Cauldon is now the company's centre of excellence for "innovative packed products", having invested heavily in installing packing machines, upgrading the weighbridges and extending the packed products warehouse. As much as £3.5m has been spent according to announcements between October 2006 and July 2007. A similar programme of investment has been completed at Barnstone, the former special products manufacturing site whose kiln was decommissioned a couple of years ago. There, £2.4m have been spent on upgrading the buildings and installing a new sand dryer and packing machine. In 2008 the Nottinghamshire site celebrated a milestone of the first 10m bags from its Adam's filling machine. A similar milestone was met over the winter (2008/09) at West Thurrock, where the terminal produced its ten millionth bag of plastic-packed Mastercrete.

British distribution

If the bagged sector can now be seen as the new battleground for improved sustainability, it extends to the distribution arrangements with builders' merchants and other customers. In April 2008 Cemex launched the industry's first pallet collection system for customers of bagged cement, aiming to recover up to a third of the pallets in use each year. One year later Cemex was able to report that more than 20% of the 250,000 were being reused. In May 2010 Lafarge introduced a collection and recycling service to help reduce waste in the packed products sector. In this scheme builders' merchants were to use their existing ordering system to arrange for out-of-date packed cement to be collected straight from their yard, whether a customer wished to dispose of one bag or a full lorry load.