

Fashion

MEETS FUNCTION

Retailers can help boost interest in store brands by leveraging food and beverage packaging that enhances the visual and taste appeal of products

BY RICH MITCHELL

Packaging is becoming an increasingly potent private brand merchandising vehicle.

Graphic designs that enable food and beverage products to stand out on shelves while emphasizing freshness are becoming prominent, enabling retailers of store brands to create greater points of difference from national brands.

Because private brand merchandisers typically lack the large advertising budgets of national brands, innovative packaging graphics are a more affordable way to spotlight products, says Rebecca Casey, senior director of marketing for TC Transcontinental Packaging, a Montreal-based flexible packaging supplier.

“The days of white boxes with private label stickers are behind us,” she states. “Private label packaging today combines colorful, eye-catching graphics with value-added conveniences.”

Protecting the integrity of food and beverages, however, is perhaps the most desirable packaging function, notes Mintel, a global market research firm, in its June 2017 “Food Packaging Trends US” report.

“Shoppers are likely to prioritize taste when deciding what to buy over a range of other factors, including cost, healthfulness and ease of preparation,” Mintel states. “Communicating great taste is clearly a top priority in packaging design and graphics, but packaging features that protect freshness, such as resealability, are also important.”

The degree of interest in specific packaging elements varies among demographic segments.

While taste and freshness are top priorities for shoppers in all age groups, persons 55 and over typically place greater importance on food product visibility, Mintel notes, while consumers between 18 and 34 are more likely to favor packaging that is reusable for other purposes such as food storage.

“These preferences suggest that younger food shoppers expect more of food packaging than previous generations, and are more likely to be drawn to innovative features that help them manage and store food,” Mintel adds.

Having ample product information on packages also is important, and consumers are more likely to trust brands when such messaging and claims are succinct and easy to understand, Mintel notes.

“Baby boomers and millennials are particularly looking for packages with nutritional information and in a format that is easy to use, convenient and portable,” says Peter Messacar, director of new applications for Scholle IPN Packaging, a Northlake, Ill.-based packaging supplier.

By leveraging private brand packages with unique and attractive designs that enable users to easily access all contents as well as extending product shelf life, retailers can demonstrate that they are listening and responding to shopper demands, Messacar states.

EASIER SAID THAN DONE

Among the major obstacles that keep private brand retailers from upgrading product packaging is the need

to quickly test new formats with consumers and scale up production if successful, Messacar states.

“Getting the supply chain process right is extremely difficult from a time, cost and resource standpoint,” he says. “A new packaging design requires working with new materials or prints, and there often is a need for new equipment to produce the packages. Getting it right without spending a lot of capital is a challenge for retailers.”

He adds that teaming with co-packers can help retailers leverage the necessary expertise to bring new packages to market quicker and boost output.

Ongoing packaging enhancements, meanwhile, will likely include better product safeguards, films that enhance nutrient retention and structural designs that make it easier to remove all food from containers while reducing food waste, Messacar states.

“Packaging has long been used by food product manufacturers to convey food quality and achieve product differentiation amid high competition,” notes IBISWorld Inc., a market research firm, in its May “Packaging & Labeling Services in the US” report. IBISWorld states that food, beverage and snack food manufacturers will account for an estimated 44 percent of packaging and labeling services revenues in 2018.

Suppliers, meanwhile, also are rolling out packaging that is intended to meet the greater shopper interest in sustainability, recycling and reusing of containers, says Efi Karchmer, director of new product development and innovation for Ardagh Group, Glass/North America, a Luxembourg-based glass and

metal packaging component supplier.

“Millennial and Generation Z (those born in 1994 or later) consumers are environmentally conscious, and want better and healthier products,” Karchmer states. “These consumers are now buying locally produced, sustainable products packaged in environmentally friendly containers.”

In addition, shoppers are seeking packaging that makes it easier to consume food and beverages while in transit, states Greg Rosati, senior director of commercial excellence/diversified products for Amcor Rigid Plastics, an Ann Arbor, Mich.-based packaging supplier.

The expansion of electronic commerce, meanwhile, will boost interest in packaging that does not leak, break or add excessive weight to products, he says.

DIFFERENT STROKES

To maximize shopper activity, however, it is crucial for packaging to meet the major needs of different consumer segments, Rosati says. That includes designs with easy gripping, opening and closing features for baby boomers, and elements that appeal to the on-the-go lifestyle of millennials and Generation Z shoppers, he states.

Casey notes that millennials also are seeking packaging “that is different in shape, color or size and want the latest trend, while baby boomers like packaging that is more traditional — even old fashioned. It’s hard for packaging designers to figure the best way to capture both audiences.”

It also can be difficult for private brand merchandisers

STORY HIGHLIGHTS

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PACKAGING

to adopt new packaging styles, she states.

“It’s a big hurdle just to get everyone in agreement on a change and to train personnel, but the biggest challenge or fear we hear about is retaining customer loyalty,” Casey says. “Loyalty isn’t what it used to be. Too many choices are available both online and in-store. Retailers can’t afford to give any opportunity to the competition while introducing a new product or package. Shoppers move so quickly through the store and if they don’t see their normal package, they may switch brands.”

Nevertheless, packaging designs are evolving and retailers are increasingly merchandising store brands in aesthetically pleasing containers, which can include transparent packaging with interesting labels and shapes, Karchmer notes.

“It comes down to having packages that can make the product more valuable,” Messacar says. “With shelves getting crowded with many different brands and SKUs, packaging can entice shoppers to purchase a specific item. Whoever does that function the best typically wins.”

Packaging that enables consumers to easily view the inside of containers, such as glass jars and bottles, can be particularly appealing by creating a perception of trustworthiness and freshness, Mintel states.

Innovations in glass container manufacturing, meanwhile, are allowing for more shapes, sizes, colors and decorative features, Karchmer says. “[But] the challenge for retailers is adjusting shelf space to accommodate these changes in packaging designs.”

The incorporation of messaging on packages, and particularly product expiration dates, which help gauge the degree of freshness, also is becoming a key sales driver, Mintel reports, noting that “nearly all food shoppers look for expiration dates, making it the most universally sought piece of information on food packaging.”

Mintel research found that shoppers are three times more likely to prefer the data to be on the front of packages versus the back.

“An increasing percentage of product launches are based primarily on new packaging as brands look to packaging design and on-pack claims to better align with consumer interest in more natural and less-processed foods,” Mintel reports. “Not only does packaging play a central role in communicating key benefits and product information, it can also add value by protecting freshness and taste and helping to prevent food waste.” **SB**

Mitchell is a freelance writer from Wilmette, Ill.