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HAVI is a global, privately-owned company focused on innovating, optimizing and managing the supply chains of leading brands. Offering services in supply chain management, packaging, logistics, and recycling & waste, HAVI partners with companies to address challenges big and small across the supply chain, from commodity to customer. Founded in 1974, HAVI employs more than 10,000 people and serves customers in more than 100 countries. HAVI’s supply chain services are complemented by the customer engagement services offered by our affiliated company, The Marketing Store. For more information, please visit havi.com.

OFFICES

NORTH AMERICA
HAVI Global Headquarters
3500 Lacey Road, Suite 600
Downers Grove, IL 60515
United States of America
Phone: +1 (630) 493-7400
E-mail: info@HAVI.com

ASIA-PACIFIC
MIDDLE EAST / AFRICA
HAVI
3A International Business Park
Tower B, 808-10/13
ICON # IBP
609935
Singapore
Phone: +65 6895-2100
E-mail: info-asia@HAVI.com

EUROPE
HAVI
Schifferstraße 166
47059 Duisburg
Germany
Phone: +49 (0) 203 7090 2600
E-mail: info-europe@HAVI.com

HAVI
3 Furzeground Way
Stockley Park
Uxbridge
Middlesex
UB11 1EZ
United Kingdom
Phone: +44 (0)20 8606 3118
E-mail: info-europe@HAVI.com

LATIN AMERICA
HAVI
Av. Garcia del Rio 2477, 9 B
Buenos Aires C1429DEA
Argentina
Phone: +54 (11) 4519-0690

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New Packaging Materials and Active/Intelligent Packaging to be More Common and Affordable

As new, more advanced processes and sustainably sourced materials emerge, more industries will have the opportunity to bring clean label packaging to market. Examples include high pressure packaging technology, more replacement materials coming to the market, active/digital packaging and 3D printing. Through 3D printing, we’ll see increased commercialization in tooling and manufacturing, moving beyond current prototypes—significantly cutting cost and saving time.


Food Safety and Waste Reduction through Improved Processing and Packaging Technologies

Global food waste is a growing concern. New processing and packaging technologies can actually extend the shelf life of food; and freshness sensor technology—built into packaging—will also alert customers/consumers when their food is safe or unsafe to consume, in order to avoid early disposal and excessive purchasing.

FACT 3:
1.3 billion tons of food—1/3 of all food produced in the world—is wasted each year.


Applied Holistic Packaging

...will move from concept to practice. Advances in packaging materials and design, along with new equipment and processing technologies, have brought more applications to the marketplace, as well as a greater understanding of the need for fully-integrated communication across the marketing/branding/packaging value chain, to drive toward a single goal.

FACT 4:
64% of consumers will buy a product off the shelf because of its packaging, without having prior knowledge of the product itself.


Packaging Trends for 2017

The packaging industry is continuously changing and improving, which gives the consumer an incredibly diverse packaging experience from year to year. Members of the packaging world and beyond turned their heads toward advancements in design, manufacturing, sourcing and end-of-life opportunities that offer great potential for 2017. Here are a few trends that industry leaders expect to see dominate the packaging scene in the coming year:

Standardized Packaging and Processes in Ecommerce

Since ecommerce has taken a major share of the retail market, aggregators and digital distributors are attempting to write and rewrite the rules of the rapidly emerging industry. This year we’ll see new packaging options and solutions to improve the growing drive to standardize packaging containers to handle shipping, as well as processes to streamline distribution and enable cross-brand bundling.

FACT 1:
In a survey by Shorr Packaging Corp., 1/5 of consumers say that their biggest annoyance in ecommerce packaging is excessive packaging.


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The 3D printing market is expected to be worth $24.8 billion by 2025, with stable growth.


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Market Insights

We like to keep our lens open wide so we can capture stories and information that might seem unrelated, but are, in fact, relevant.

**Walmart Warehouses**  Retail powerhouse Walmart is testing drones to improve inventory management at its largest warehouses, an indication of the company's continued efforts to grow and compete more effectively against its low-cost retail rival, Amazon. The company anticipates that its distribution centers may start using drones in the next few months, as the machines' ability to check inventory in a day or less provides a dramatic advantage when compared to the month-long effort that the current manual (employee-led) process takes. Inventory checks involve drones flying around the distribution center in methodical, vertical movements while capturing 30 pictures per second and flagging misplaced items. Images are monitored in a control tower, with alerts sent to workers to address flagged items.

**Ready, Set, Recycle** Dow Chemical believes its new RecycleReady Technology could be part of a broader $3.5 billion environmental savings solution. Developed in collaboration with the Sustainable Packaging Coalition (SPC) and other industry members, RecycleReady Technology helps converters create recyclable stand-up barrier pouches using RETAIN polymer modifiers. The resulting pouches are the first of their kind, with barrier film that can be recycled in a polyethylene recycling stream. The technology has already been approved by the SPC’s How2Recycle program to use a Store Drop-Off label, which means consumers can recycle packages at participating grocery and retail stores.

**Multisensory Messages** Tactile cues associated with perceptions of quality, freshness, and luxury can be achieved in packaging through laser-etching, embossing, and molded patterns, as well as textured coatings and specialty materials. Sensory information influences the potential buyers' impression of a product, even when they aren't aware of it. Manufacturers benefit from using enhanced packaging that conveys relevant brand impressions—for example, smooth or silky packaging surfaces for foods with a similar mouth feel, or a slightly waxy feel for fruit smoothie cartons that mimics fruit texture.


Abrams, R. (2016, July 2). Walmart Warehouses Retail powerhouse Walmart is testing drones to improve inventory management at its largest warehouses, an indication of the company’s continued efforts to grow and compete more effectively against its low-cost retail rival, Amazon. The company anticipates that its distribution centers may start using drones in the next few months, as the machines’ ability to check inventory in a day or less provides a dramatic advantage when compared to the month-long effort that the current manual (employee-led) process takes. Inventory checks involve drones flying around the distribution center in methodical, vertical movements while capturing 30 pictures per second and flagging misplaced items. Images are monitored in a control tower, with alerts sent to workers to address flagged items.

http://www.manufacturing.net

http://www.environmentalleader.com


Packaging for Ecommerce and the Evolving Anatomy of Supply and Demand

According to eMarketer, ecommerce sales were set to reach $1.915 trillion before the end of 2016, accounting for 8.7% of total retail spending worldwide. And although the pace of growth for overall retail sales has recently slowed, the ecommerce portion of sales continues to expand rapidly, with a 23.7% growth rate forecasted in 2017.

In 2020, ecommerce sales are expected to increase to $4.058 trillion, making up 14.6% of total retail spending for the year.

In this chaotic phase, brands and retailers must take steps toward defining a thoughtful model for ecommerce, and executing an initial and flexible strategy that works for them. This could mean a push toward less branded case-shipment packaging while giving more character to item brand packaging. Depending on the product and brand strategy, there could even be a trade-off on efficiency for more personalization.

Upon this backdrop, consider the following five trends:

1. **Standardization in Distribution**
   - As the ecommerce model continues to evolve, more and more emphasis is being placed on manufacturers and distributors rather than retailers. And as the third-party sales structure develops through platforms like Amazon, efficiencies between these business lines is becoming even more critical.
   - The Amazon-style “each” distribution system will work most efficiently with packaging standardization. This means that each preceding link in the supply chain needs to fill the same model; product packaging and package grouping need to be optimized for this system from inception. Processes and communication must also increase in efficiency, to maximize flexibility for distribution to the end user.

2. **Evaluating Optimization and the Future of Brand Packaging**
   - In this age of customization and personalization, is it counterintuitive to pursue ‘standardization’ in packaging? After all, packaging is critical to brand voice, the consumer experience, and perception of the value of any given product or company.
   - Standardization may not be right for all products. Luxury products and established brands (e.g., Apple, Trunk Club, Birchbox, and others) have become synonymous with impressive brand packaging as part of the customer experience. Evaluating products for suitable fit to a standardized packaging option is critical.

However, standardization to optimize packaging from an ecommerce distribution and supply chain perspective does not mean abandoning branding, aesthetics or design. It means diversifying approaches where necessary, and stepping toward more strategic and thoughtful branding and packaging initiatives that balance the increased efficiency of simplified, standardized packaging with strong design that communicates brand attributes.

Recognizing which approach is most valuable for a given product at a given time is the key.

In recent years, there has been a strong focus and shift in marketing and brand engagement to create an integrated brand experience through packaging design. With the varied channels, expectations and diversification brought on by the evolution of ecommerce, though, brand marketers, packagers, suppliers and third-party logistics managers need to strategically align in order to fulfill both quantity and frequency demands, while supporting consumer brand experience and Brand DNA. This could mean more branding and less packaging, adoption of new and emerging printing technologies and packaging materials, and promoting standardized packaging for essential commodities.

Regardless of the approach though, ecommerce is demanding more thoughtful and intuitive package design with a more minimalist approach. Brands need to be smarter about communicating their message and experience to consumers, and possibly start working together to establish shared standards.
Why optimize packaging specification management?

Packaging specification management is the organizational infrastructure—People, Process, and Technology—used to manage specification data, status, and linkage to finished goods.

Quality and brand experience. Customers expect packaging that is safe and free of potential issues. To meet these expectations, specification management is critical to developing high-quality packaging that performs consistently. Optimized specification management instills confidence that packaging conforms to quality and brand standards, and delivers the expected customer experience. Packaging must maintain integrity that ensures consumer safety, for example, by preventing leakage from hot beverage cups, and eliminating any potential for ink migration from packaging onto food.

Agility and visibility in specification changes. Enabling seamless, agile, and scalable collaboration by providing accurate specification information that maintains integrity and can be quickly adapted to changes is critical, and a clear benefit to optimizing data management. A streamlined process efficiently provides a collection of specifications that is accurate, up-to-date, and accessible across organizational and geographic boundaries. This can enable quality packaging to be launched faster. It also provides foundational data needed for efficient business planning and operations.

Build a Strategic Advantage by Optimizing Packaging Specification Management

In every marketplace, innovation is accelerating, supply chains are becoming more complex, and increasing customer-centricity drives more design variations. Optimizing packaging specification management focuses on meeting customer expectations with quality packaging in an agile and cost-effective manner.

Key factors for successful implementation and sustained results

WHEN EMBARKING on a journey to optimize specification management, consider the People, Process, and Technology dimensions to define your improvement targets, implement your execution plan, and develop momentum to achieve improved performance.

Change Leadership and Organizational Readiness. Right from the start, apply best practices to create an understanding and supportive environment for those impacted; help them embrace the optimization challenge and adopt desired behaviors.

• Active leadership engagement. Ensure alignment with leadership on how specification management supports business objectives, and enlist them in communicating the benefits. Maintain dialogue with leadership to secure support, make decisions, and address concerns. Active and visible leadership support can be a powerful source of encouragement for individuals to actively engage in the improvement journey.

• Holistic change management. Rich communications, clear expectations, and pragmatic training resources are all elements of a comprehensive approach to enabling organizational changes. Sustaining the change should be another focus area; best practices include integrating quality assurance and accountability into work processes, maintaining leadership engagement, and celebrating team achievements.

Process and Governance. Before starting any technology-related activities, define your future-state vision for managing specifications throughout the packaging lifecycle, and optimize your business process to accomplish that vision. The process provides important input to technology and organizational work streams. It also informs the establishment of your governance approach, which is key to instituting accountability practices, monitoring checks and balances, ensuring cross-functionality, and maintaining a single source of truth for packaging specification through streamlined communication. Well-designed governance provides a forum for cross-functional representatives and leadership to monitor progress, and adapt process/data guidelines over time. Below are some strategies for maximizing process and governance effectiveness.

• Assess the effectiveness of your current process. Understanding the strengths and gaps of the current process provides important insights into the optimized future-state process that can support current and future business needs.

• Develop a phased improvement roadmap. Optimizing specification management can be a significant undertaking, but one that can better position the organization to meet customer expectations with quality packaging in an agile and cost-effective manner. A phased implementation that addresses the People-Process-Technology aspects along the way is a robust approach to pace change and achieve incremental benefits over time.

Packaging specification management is essentially packaging DNA—it’s formula and recipe. It defines the properties of packaging, and is broadly used across organizational disciplines, including product development, quality, sourcing, operations, and finance. Due to that significance, packaging specifications must be proactively managed so that they are consistently trustworthy. Packaging specification management is the organizational infrastructure—People, Process, and Technology—used to manage specification data, status, and linkage to finished goods.
The Consumer-Centered Packaging Journey

Packaging does many jobs: protecting the product during transport, conveying product information, and maintaining product integrity. But, in an increasingly competitive marketplace, these have become table stakes. If brands want to unlock the kind of value that leads to competitive advantage, they need to develop a thorough understanding of how consumers experience packaging, and understand what aspects truly impact the consumer journey.

Understanding Journeys

All products begin with a need, and then move through a cycle of consumption—identification, purchase, use, and disposal. Investigations into these moments reveal distinct patterns for different types of products and channels. Although quantifying experiences can be messy, we’ve been able to segment these moments into stages; and each of these stages has touch points when packaging plays a role or impacts some aspect of the consumer experience.

JOURNEY

CONSIDER: The traditional consumer journey triggers when a consumer identifies a need and begins to consider what product will fill that need for them. The specific, functional attributes of the product’s package contribute to the choice of purchase. Does it need to be contained, resealable, safe, and portable?

After the decision to make a purchase, a consumer will move to the INTERACT stage, where the consumer gets exposure to different products, via interaction with the packages that these products come in. Here, our consumer may connect to a particular visual image, shape, or size of a package, or have a particular preference or belief about the package, which may guide or influence their purchasing decision.

The USE stage begins when the consumer transports the package—uses it to carry, store, serve, dispense, or consume from—and ends when they dispose of it. During use, physical and visual attributes work together to create a connection with the consumer.

EVALUATE: When the consumer’s experience with the package is over, what parts of the experience are they taking away with them? How does this impact what happens the next time they have a similar need?

We know consumer experiences change depending on context, situation, and individual product journeys are personal. This insight tells us any consumer can have multiple, different journeys in any given day. That’s a lot of journeys! How can a Brand understand how package design affects their products or experiences?

Reals of Packaging Influence

At HAVI, we’ve studied over 7,000 consumer packages, and we’ve identified three distinct manners in which packaging can influence consumer experiences. We describe these as the Realms of Packaging Influence: they are Purpose, Connection, and Relevance.

The PURPOSE is the function behind the packaging. What does it do? How is it used? What specific features support the consumer experience? This definition can change significantly based on the industry, product type, and duration of use.

The second realm is CONNECTION, which is the ability of the package to convey brand meaning and inspire an emotional response. Consumers will have connections via shape, color, material choice, graphics, sensorial cues, and a host of other characteristics. Packaging has the opportunity to be a powerful marketing tool and brand vehicle.

The final realm of packaging influence is RELEVANCE. Relevance relates to an individual consumer’s beliefs, attitudes, expectations, and experiences, and how those shape their perceptions. For example, if a consumer makes the conscious decision not to use a product on a regular basis because of environmental concerns, their individual sustainability attitudes create a context about packaging that impacts their decisions and experiences.

Completing the Picture

In our research on consumer packaging, we’ve found that the importance of the individual Realms of Packaging Influence follows consistent patterns in any product or packaging experience. By understanding the level of importance of packaging’s Purpose, Connection, and Relevance at different points in the consumer journey—as shown below—we can optimize package design for specific brands, channels, or experiences.

CONSUMER MINDSET

By using this consumer packaging journey model, we can explore package design in different stages and realms, and identify weak points or gaps that are opportunities for improvement. When a consumer journey has a high need for Connection, but the package is not emotionally engaging, consumers may seek alternatives that are more compelling. When Purpose is a primary driver for positive experiences, and a package underperforms or lacks features, consumers may find an alternative that better delivers. Eliminating these gaps means packaging will deliver on consumer needs and expectations.

By adopting a more packaging-centric view of the consumer journey, and using that view to expand our traditional view of the role of packaging, brands have a tremendous opportunity to unlock competitive advantage and create loyalty with consumers.
Single-Serve
Insights into this growing trend in packaging and products

At some point, you’ve either seen or used a single-serve product; that’s because the trend is gaining huge traction! In the last edition of the Quarterly Packaging Report, we asked you to complete a survey on single-serve packaging items. As promised, here are some insights gleaned from our audience:

Alcoholic beverages have the highest demand for single-serve packaging.
44% of respondents to our survey said they have the most use for single-serve alcohol, and some companies are answering that demand.

The product above is called One Glass; it serves a single glass of wine in a disposable pouch. It’s easy to pack and easy for on-the-go consumption.

Single-Serve is here to stay.
77% of respondents reported that they find single-serve items to be useful.
The craze that started with Keurig cups and drink mix packets has bled into the rest of the food and beverage markets with enthusiasm from consumers.

Convenience isn’t the only motivator for single-serve.
People seek a healthier diet, but struggle with time to plan their meals. One survey respondent who works in packaging said that companies are using single-serve packaging to help with portion control. For example, companies like Blue Apron deliver packaged, pre-portioned fresh ingredients right to the consumer’s door, for home-preparation of a balanced and healthy meal.

Some are concerned about single-serve’s impact on the environment.
Respondents in our survey said that container waste and un-recyclable plastics are also playing a role in single-serve packaging, though not in a good way. A website called fooddive.com reports that Keurig cups are not biodegradable, and are sent to the landfill. 1 out of every 3 homes in America has a Keurig, meaning large amounts of k-cups going to landfill.

We want to know! We are always looking for the trend behind the trends, and what’s coming next. Take a moment to complete this trend spotting survey on food safety. Come back for the next issue and see the thoughts of other people in the industry, based upon this survey!

https://www.surveymonkey.com/r/HAVIFoodSafetySurvey
Ask the Expert

AN INTERVIEW WITH
JOSHD, Senior Director,
Packaging Development

Before joining the HAVI family, I worked at the Kellogg Company in the Packaging Technology department, developing packaging to support new product launches for both the Morning Foods and Snacking divisions. I’m a graduate of the School of Packaging at Michigan State University and earned my MBA from the University of Chicago Booth School of Business.

How have ecommerce trends and demands impacted the packaging industry?

Ecommerce is an incredibly broad topic, and depending on which segment or industry you’re referring to, it needs to be looked at very differently—from Amazon to GrubHub, etc. One common theme—regardless of the vertical—is that ecommerce is disrupting packaging. Here are the key areas where trends and demands are impacting packaging:

- **Branding.** In the ecommerce model, branding via packaging has become more complex, multi-faceted and interactive. The package may no longer be a primary selling vehicle, and depending on which segment or industry you’re referring to, it needs to be looked at very differently—from Amazon to GrubHub, etc. One common theme—regardless of the vertical—is that ecommerce is disrupting packaging. Here are the key areas where trends and demands are impacting packaging:

- **Protection.** For both CPG and foodservice, the ecommerce model is requiring brands to take special interest in protecting products. The logistics of ecommerce require more complex transport channels—for example, single-item shipping via UPS or FedEx, rather than traditional pallet distribution or restaurant service—and greater care needs to be taken on single-unit packaging to provide product protection. The impact on repeat customers here is immense, because product integrity plays a key role in the consumer’s brand experience.

- **Security.** As more consumers adopt ecommerce as the norm for purchasing behaviors, keeping items secure and maintaining quality is critical. This becomes increasingly important as both prescription and over-the-counter drugs continue to gain market presence in ecommerce. Packages must ensure that seals are not broken, and use-by dates and lot codes are tamper-proof.

- **Recyclability.** In the ecommerce model, packaging waste that reaches the end consumer as opposed to warehouses, distribution centers or other intersections typically along the traditional supply chain. The challenge ahead is for packaging experts to figure out how they might operate differently and create material innovations which deliver value to the brand, product, and consumer while fitting into existing curbside recycling schemes.

We have seen packaging design innovation being utilized in this space to promote loyalty, as well. From a design perspective, brands are looking for packaging to work harder and be more appealing when reaching the home. Most packaging is designed for a shelf presence or short duration of use; now though, as packaging has developed more as a vehicle for experience, brands are pursuing design that permits stability over time. Inherently in ecommerce, the packaging needs to provide protection, strength, and security (as noted above) because of the environment in which it travels, and brands are realizing how to make that investment pay off with luxuriously designed packaging that appeals to the consumer not only visually, but also emotionally. This practice helps to promote an ongoing positive experience with the brand through thoughtful design—creating a greater affinity for the consumer to interact with the brand in the future.

Now, brands are struggling with how to manage a new ecommerce supply and demand model that requires packaging to change. And as packaging materials, processes and Technologies evolve, packaging equipment also has to evolve.

What are some of the key innovations, new technologies, or processes that offer solutions to the new demands and pressures of ecommerce?

Many innovative and sustainable packaging materials are being developed. There is absolute recognition of the opportunity for waste reduction and optimization, especially considering the increased amount of packaging waste that reaches the end consumer as opposed to warehouses, distribution centers or other intersections typically along the traditional supply chain. The challenge ahead is for packaging experts to figure out how they might operate differently and create material innovations which deliver value to the brand, product, and consumer while fitting into existing curbside recycling schemes.

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What do you see ecommerce packaging evolving over the next year? Five years? Ten years?

It’s important to recognize that ecommerce is disrupting our traditional models, and it will continue to become more of the norm. In packaging, we have great opportunity for innovation here in a few different areas:

- Late-stage customization via disruptive technologies that we should start seeing in the next year or so.
- Packaging as a function of connectivity—from Amazon Dash to the Internet of Things, brands have opportunities to expand their business models.
- Opportunities in home automation; for example, weight-sensing technology built into pantry item packaging.
- Creating more flexible packaging equipment for fast-changing lines to increase variety and efficiency.
Paving the Way for a More Circular Economy

The importance of the ‘circular’ economy—one that is based on a sustainable, cyclical use of resources, rather than linear use followed by disposal—was brought into sharp focus in the UK recently, following the Labour Party’s decision to place it at the heart of its aims to kick-start a ‘recycling revolution’. This ambition sits alongside the European Union’s Circular Economy Package, which aims to foster better partnerships between government and industry, and work towards creating more circular economies around Europe.

AND IT IS NOT just politicians who have been calling for action to be taken. Earlier this year, for example, Coca-Cola said that a ‘complex system of duties and tariffs’ on recycled products and biomass material is hindering its own circular economy efforts, highlighting the need for legislation.

Though awareness and support for sustainability efforts has been growing among industry and governments globally, the need for action continues to grow. Around 88 million tons of food are wasted every year in the EU alone—and that figure is predicted to grow to around 126 million tons by 2020 if no progress is made. The waste of food and the waste of packaging are key elements of this challenge, and create significant costs to the environment, economy and society. According to recent figures, consumers in Britain generated 1.5m tons of recyclable plastic waste in 2015. The survey also reported that only a third—500,000 tons—were recycled. Within that 1.5m tons, the recycling rate is about 60% for plastic bottles, but when it comes to other products, like plastic pots and trays, the recycling rate is far lower.

The goal is to help countries and regions transform their own economies to become circular—to become 100% sustainable, using materials and resources that are renewable and recyclable. To create these virtuous cycles of resource-use, a dual task lies ahead: maximizing the use of recycled materials and minimizing the creation of non-recyclable components that have the most immediate and direct impact on waste streams.

While the goal of a circular economy is bold, it is without question a positive and growing movement—and as consumers become increasingly driven by ethical consumption, it will make business sense as much as it does ethical sense. So what are businesses already doing to support this circular economy aspiration?

At a high level, many organizations are looking at supply chain sustainability as critical to supporting circular economies. Every business, no matter how large or small, can assess its own operations and think about how it could be doing more to operate with a responsible, sustainable supply chain. Within this, packaging will play a fundamental role in supporting circular economies. Some businesses with a global footprint, for example, have begun exploring opportunities to regenerate packaging scraps and waste into new packaging materials and other products. In order to put the circular economy into practice, there needs to be a new beginning for one product that comes from the end of another. Flexible and intelligent packaging will also play a role—with ‘active’ packaging likely to be key in the circular distribution and consumption of food, for example.

As companies consider how to approach waste reduction in packaging, they should examine their production methods with the goal of reducing waste at the source. If less material is used in the product creation, there is less to dispose later. Recycling restaurant packaging, for instance, remains a significant challenge due to the need for waste managers to differentiate items. Through clear labelling, every package that can be recycled will be identified.

Innovation and research into new materials could be the secret sauce that underpins these hopes of creating a circular global economy. In the longer term, efforts to create more sustainable packaging—some of which are already underway—will come to fruition and eradicate at least one of the longest-existing excuses for not embracing a more sustainable approach.

Efforts must not stop there, either. Industry innovation will have little impact if all stakeholders cannot address the role of waste management infrastructure and consumer behaviour. Sustainability groups continue to lament the lack in provision of recycling services in countries like the UK, while recent research shows consumers are still worried that many of the recyclables they place in recycling bins still end up in landfill.

The problem is worse still in developing regions, and becomes clear when viewed at a global level: United Nations data suggests half the world’s population lacks crucial waste management services, significantly harming environment, health and economies as a result. Without the necessary infrastructure, many recyclable products simply cannot re-enter the value stream—meaning circular economy efforts will fall short.

Clearly, long-term efforts must be aimed at building the infrastructure that can support a truly circular economy. Until then, industry must work harder with all stakeholders to bridge the gap between environmental necessity and consumer understanding. Those early steps of consumer education, in conjunction with government support and industry innovation, could just convert the circular economy from aspiration to reality.
All the while, the market segments that the company equipment investments, while also providing alternative packaging effectiveness (OEE) measures. HAVI was able to develop a roadmap which limited production capacity and impacted overall equipment while balancing a complex, fragmented, and rapidly evolving retail perspective to manage overall packaging asset investment impacts and reduce variable costs. The company was in need of a long-term to develop a comprehensive multi-year packaging asset strategy to transform current manufacturing capabilities, enhance flexibility, and reduce variable costs. The company was in need of a long-term perspective to manage overall packaging asset investment impacts while balancing a complex, fragmented, and rapidly evolving retail packaging landscape. This included a need to mitigate increased use of co-packing, and address packaging system bottlenecks which limited production capacity and impacted overall equipment effectiveness (OEE) measures. HAVI was able to develop a roadmap for capabilities enhancement and advise on when to make new equipment investments, while also providing alternative packaging delivery formats that could be considered/assessed.

**Challenge**

Without a multi-year packaging asset vision to guide decisions on packaging equipment capabilities or impact on capacity, the company found it difficult to assess and agree when/if an investment would be worthwhile for new equipment. A fragmented approach and history of deploying asset improvements that did not meet long-term business needs led to a negative perception of packaging within the business and reluctance for further investment. All the while, the market segments that the company participated in required a growing diversity of product and packaging formats. These included various different design structures of size, count and materials. Over time, the type of equipment and systems controlling the current packaging lines lacked the necessary flexibility to meet consumer and retailer needs. As a result, a significant number of SKUs not capable of in-house production were sent to outside contract packaging, resulting in increased systems complexity, cost, and delayed speed to market.

**Solution**

HAVI deployed a multi-phased approach to understand the current situation: assess current production capabilities; benchmark vs. competition and best practice leaders; obtain “voice of the customer” input; research alternatives, identify gaps, and vet solutions with the HAVI Expert Team; and finally, develop multi-year strategies by production line and asset type. To evaluate current packaging equipment assets, HAVI conducted manufacturing site assessments in the U.S. and Mexico for more than 30 production lines, cataloging asset types, defining capabilities and bottlenecks, clarifying netbook value, and interviewing cross-functional teams— including equipment operators. This information was then compared and contrasted to data collected in cross-functional interviews at the company headquarters and with existing contract packaging providers to identify information gaps, current and future capacity constraints, and unmet marketing, customer and consumer needs.

A key component of the program was to ensure best practices were uncovered and considered in the recommendations. HAVI conducted multiple retail channel assessments of competitive product packaging and other non-related product segments to identify relevant insights. In addition, a number of electronic survey techniques and telephone interviews were conducted with packaging material, design, supply chain, co-pack, and equipment experts from around the globe. To round out this area, multiple retailer “voice of the customer” telephone surveys were conducted to gain insight on future supply chain and retail changes that could impact company packaging assets. As part of HAVI research and solution identification, an assessment of current and future capacity needs was conducted for each asset on more than 30 production lines. Next, the team identified equipment that wasn’t flexible enough for the production of a broad range of SKUs, forcing the company to co-pack (eroding margins). A packaging bottleneck assessment was then conducted to understand impacts to product production machines. A cornerstone of this assessment effort was to ensure the product manufacturing equipment continuously operated at targeted design rates. This included an assessment of future speed improvements in the product manufacturing process. Finally, the team reviewed the netbook value of the equipment they were looking to displace and determined the financial impact or potential write-off the company may need to absorb. The final output provided a strategic overview of the current situation; industry and segment best practices; a gap analysis; “voice of the customer” insight; an overview of recommended new packaging technology platforms (primary, secondary, and tertiary), budgetary costs, and providers; and a multi-year asset strategy plan by each piece of equipment on over 30 production lines.

**Benefits**

- Increased margins as a result of decreased co-packing needs. HAVI was able to blend internal packaging capabilities with augmented co-packing options. For higher-volume SKUs, the company is able to run the packing lines internally, while more one-off or unique SKU productions can be run through the co-packing process.
- Aligned leadership and value chain teams to recognize opportunities in different stages of the packaging process, creating a long-term vision and tactical decision making strategies.
- Eliminated bottlenecks that were creating capacity constraints, slowing production based on packaging pace capabilities.
- Designed more flexible and agile lines to accommodate multiple product packaging needs (material, size, quantity, shape and style) through primary, secondary and tertiary packaging processes.
- Overcame disdain for buying packaging equipment through strategic council and a comprehensive strategy development process that engaged all stakeholders. HAVI became a trusted partner in creating line integration standards and determining equipment needs to meet demand requirements.
Is Sustainable Packaging the Key to a Circular Economy?

Phil Davidson, HAVI Sustainability Senior Manager for Europe and Asia, at HAVI offers insight on fostering a more ‘circular economy.’ He discusses the fact that it remains a highly political issue that dominates the national news agenda and has implications for policy-setters, businesses, employees and future generations alike.

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HAVI Wins McDonald’s Sustainability 2016 Award

Congratulations to the HAVI China Packaging Team for being awarded the McDonald’s Sustainability award for 2016, at the McDonald’s China Supplier ‘Plan to Win’ meeting in Shanghai on January 22. The HAVI China Packaging team received this award because of the integral role they played in McDonald’s compliance with the plastic ban in China’s Jilin Province. The team identified a new supplier and provided an alternative packaging solution to 47 SKUs in a quick commercialization timeline. They were also chosen for reducing the usage of resin materials in cartons, cups, lids & cutlery in McDonald’s packaging.

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PACKAGING INNOVATIONS 2017 HAVI to Showcase New Technologies

Packaging News talks about our plans to showcase a number of new technologies at Packaging Innovations 2017, NEC Birmingham, 1-2 March.

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QR Codes Offer New Possibilities to Connect with Millennials

Asia Pacific Food Industry

MARCH 2017

Jai Rastogi, Vice President, Packaging, Europe & APMEA, discusses the rising popularity of QR codes and shares insights on how food manufacturers can utilize these codes to tap into the millennial population.

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International Dairy Deli & Bakery Association (IDDBA)

Anaheim Convention Center

Anaheim, CA, USA

JUNE 4-6, 2017

HAVI will be at the International Dairy Deli & Bakery Association (IDDBA) event June 4th – 6th in Anaheim, CA. As a global leader in packaging and supply chain management, we will be highlighting several new innovative packaging technologies including our SIX500™ packaging that is designed for optimal performance in accelerated cooking ovens. Look for SIX500™ and more exciting industry innovations in our booth (#4587).

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Packaging Innovations

West & Central Halls, Olympia,

London, Europe

SEPTEMBER 13-14, 2017

As a global leader in packaging and supply chain management, we will be showcasing a number of new innovative packaging technologies including our SIX500™ packaging that is designed for optimal performance in accelerated cooking ovens. Look for SIX500™ and more exciting industry innovations on our stand F40.

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European Foodservice Summit

Lake Side Casino

Zurich, Switzerland, Europe

SEPTEMBER 26-27, 2017

The Summit is the number one European Platform for the restaurant Industry. Issues discussed are trendsetting and on tomorrow’s agenda. Together we have created a think tank to analyze the most important changes in the industry as well as an annual forum where we may all share our thoughts on a regular basis.

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