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HAVI Global Solutions

STRUCTURES with Impact

Investing in a great package is integral to being brand smart. From start-ups to category leaders, packaging is one of the most effective ways brands can communicate and connect with its target audience. A thoughtfully designed package can accomplish much more than just protect contents; it can tickle the senses, evoke feelings, create conversation, and establish relationships.



ICE ICE BABY

Softlips has upended the lip care category with an innovatively shaped lip balm encased in a gorgeous, uniquely shaped packaging.¹ The dome shaped balm is contained in a translucent colored plastic container, and covered with a clear lid resembling an ice cube. In its entirety the product and the package look sleek, modern, and highly differentiating.

ARCHITECTURAL AESTHETIC

Wild Forest, a new men's fragrance from the Spanish perfumery brand **Armand Basi**, has found the perfect balance between urban cityscape and the natural environment in the bottle's design.² The unique, statuesque packaging features a glass bottle enveloped inside a wooden container crafted from a single, solid block of ash.



AFFORDABLE DESIGN

Thelma's Treats, Iowa based maker of cookies, ice-cream sandwiches, milk and coffee, delivers them fresh.³ To drive home the idea of freshness, and to evoke the warm feelings of home-made cookies, the company teamed with **Saturday Manufacturing** to develop a custom delivery container that looks and opens just like an oven. The charming packaging not only delivers on the brand's commitment, but was created on a shoe-string budget, demonstrating that effective packaging isn't always expensive.



THE MAGIC LAUNDRY BALL

Unilever launched a Small & Mighty super-concentrated version of its **Persil** detergent with a brand new look.⁴ In redesigning the packaging the company aimed for a multi-functional bottle featuring a stain eraser ball that fits into a groove in the body when not in use. The ball features a dimpled surface that allows garments to be pre-treated, or it can be thrown into the washing machine directly.



PRINT Effects

A whole host of printing technologies are emerging for brands that want to take the look of their package graphics to a new level. From digital converting to micro optics to special inks these technologies make it possible to achieve effects never before possible.

GO DIGITAL FOR MASS CUSTOMIZATION

According to **Smithers Pira** the market for digitally printed packaging and labels will reach \$14.4B in 2018, from \$6.6B in 2013.⁵ Digital technologies continue to develop and mature enabling brands to find new and creative ways to distinguish themselves, and capture attention on shelf.

One of these is the digital creasing and cutting of folding cartons as exemplified by the cartons made for **Confectioneers Ltd.** of the UK. The new Euclid machine transforms the

analog converting process to digital workflow, greatly streamlining carton finishing. The process eliminates the seven-step process required to produce the die cut plate, as well as the lengthy set-up required when the plate arrives at the die-cutting machine.

Also on the horizon for packaging is the capability to digitally print directly on PET and HDPE bottles.⁶ The new technology from **Plastipak** sends injection stretch blow molded PET bottles through the in-line Drop-on-Demand digital ink-jet printing equipment, and then to the filling lines.



PRINT FOR IMPACT

Boble, a chocolate bar popular in Scandinavia, will make you do a double-take with its three-dimensional appearance.⁷ The brand new micro optics printing technology comes from **Rolling Optics**, and works by making the light reflect in such a way that the right and left eyes see different images. When the brain pulls the pieces together depth perception is created. By bringing to life the aerated quality of the candy bar, the bubbles on the label makes the packaging a part of the product experience.



INKING BRAND EQUITY

The **Black Jack** brand of beverage from Russia's **Favorit Stolica** re-launched last year with the country's first glow-in-the-dark can.⁸ The cocktail-inspired alcopops include Mojito, Rum and Coke, and Tequila Boom. The cans are printed with a special ink that absorbs light, and when in the dark, glows with a green hue, simulating the environment the target audience of 25-30 year olds experience when going out to party.

RISKY Business

A survey of 600 global manufacturing and retail executives recently revealed that nearly half (48%) have experienced an increase in supply chain risk events with negative consequences in the past three years.⁹ Margin erosion was the top most costly outcome as reported by 54% of respondents. Forty percent experienced shifts in demand that could not be managed, and 36% encountered disruptions in the flow of physical products.



TURN RISK INTO COMPARATIVE ADVANTAGE

Given such serious consequences from supply chain events, what is the right approach to risk management? While the right course may seem to be to try and prepare for every conceivable supply chain risk event, it is simply not possible to imagine what events may befall that defy all rational expectations (also called “Black Swan” events). The answer is not to try to eliminate all risk, but rather, make the supply chain more resilient to deal with any kind of risk. By relying on risk indices, risk-sensing services, supplier data, supply chain mapping, modeling, and simulation, companies can react to and recover more quickly from any disruptions. Assessing a supply chain’s vulnerable spots and building resilience could provide significant comparative advantage in a risk situation when unprepared competitors struggle.

PREPARING FOR THE WORST

How can a company identify the biggest risks to its operation?¹⁰ Industrial insurance broker **Marsh** and **riskmethods**, a technological provider of risk analysis of global supply chains, now offer companies qualified risk information via a cloud-based Supply Risk

Network solution. Approximately 80 risk indicators are incorporated ranging from supply interruption due to natural disasters, pandemics, political unrest, and sabotage, to quality or financial problems of direct suppliers and their subcontractors. The early warning system informs companies of the risks, the affected suppliers, and regions allowing leadership to implement appropriate measures at an early stage before surprise turns into catastrophe.

COST-RISK TRADE-OFF

Keeping supply chain costs down often necessitates centralization of logistics operations in order to keep stock levels low and reduce redundancy.¹¹ However, as the online fast-fashion and beauty retailer **ASOS** found out, this cost-saving strategy can also amplify risk. The company keeps 70 percent of its stock in one location which recently went up in flames (set deliberately), putting \$50MM of inventory at risk and driving the share price down by 2%. This type of trade-off between cost and risk calls for a revised approach to supply chain design that takes into account different scenarios and spreads risk across a multitude of locations.

GREEN Supply Chain

According to a recent survey by [PriceWaterhouseCoopers](#) and [APICS Foundation](#), the majority (76%) of operations professionals foresee an increasing focus on creating sustainable supply chains over the next three years.¹²

GO SUSTAINABLE OR PERISH

Having a sustainable supply chain strategy is increasingly becoming a cost of entry feature as evidenced by the [Carbon Disclosure Project](#) which found that 40% of companies stop working with suppliers who fail to adopt satisfactory carbon management practices. For companies that don't know where to begin to get to a sustainable supply chain, [INSIGHT](#) software offers a flexible and customizable solution. The software can identify the cost-, energy- or carbon-minimal supply chain strategies for a company, or recommend a comprehensive supply change strategy that maximizes profits while minimizing environmental costs.

A LIFE-CYCLE APPROACH TO PROCUREMENT

Sourcing sustainable packaging is not always a straightforward exercise, as there are many sustainability trade-offs involved in the design and development of packaging.¹³ Procurement organizations need to approach packaging with a total life-cycle perspective, and identify where in the life cycle sustainability options may best be incorporated. For example, choosing the bio-based polylactic acid (PLA) as the material for bottles may seem like a great sustainable choice, but it is equally important to consider that for that substrate end-of-life recovery and re-use options are limited.

RE-MANUFACTURE TO RE-USE

Not often top of mind for supply chain professionals today, remanufacturing mastery is nevertheless bound to become a supply chain requirement in the near future.¹⁴ While remanufacturing is a nice sustainability story to tell consumers (reverting old products from landfills), it also has the benefit of returning revenue to manufacturers. The ability to remanufacture depends on many conditions, some of which begin with the original product design such as reusable or salvageable packaging, materials, and components. It also requires teaching consumers new habits, such as returning end-of-life products for recycling. Perhaps more importantly, however, successful remanufacturing demands reverse logistics capability.



Keeping it FRESH

According to a recent survey from Harris Poll, 63% of US grocery shoppers identified food waste as their top environmental concern ahead of pollution (59%), water shortages (57%), climate change (53%), and genetically modified foods (52%).¹⁵

PACKAGE-WASTE CONNECTION

The poll also revealed the misperceptions of consumers about the relationship between food waste and packaging. Not recognizing the important role packaging plays in prolonging the freshness of foods, US consumers tend to view minimal or no packaging as more environmentally friendly. With more than one-third of the food produced in the US going to waste, serious measures are called for to change consumer perceptions and behavior.

The latest statistics show that despite a 21% drop between 2007-2012, UK households are still throwing away tons of food and drink annually.¹⁶ The country's largest supermarket chain **Tesco** aims to change the conversation with its *Fresher For Longer* communication initiative designed to show consumers how food packaging and its correct use can actually help reduce food waste. Notably, a South African retailer switched to **Sirane Group's** Sira-Flex for nine lines of prepared vegetables and achieved a 50% reduction in food waste, demonstrating just how crucial packaging's role is in produce preservation.

With 90 million tons of food wasted annually in Europe, 2014 has been designated as the European Year Against Food Waste.¹⁷ Inadequate packaging and confusion about 'best before' and 'use by' labels are identified as among the culprits resulting in food waste. Active packaging technologies such as, oxygen and ethylene



scavenging, humidity control and anti-oxidants can double the shelf life of perishable products, and smart packaging technologies such as freshness and time/temperature indicators offer clear signals about the condition of the product.

INDUSTRY LEADERSHIP

In the US, Food Marketing Institute (FMI), Grocery Manufacturers Association (GMA) and the National Restaurant Association (NRA) have created an initiative called The Food Waste Reduction Alliance, and produced a toolkit designed to help manufacturers, retailers and foodservice operators reduce food waste.¹⁸

Marketing with **BIG DATA**

A survey of 52 marketers from the UK and Europe shows the extent to which they are banking on Big Data.¹⁹ Eighty-three percent of marketers have made the decision to invest in Big Data because of the unprecedented levels of understanding it can provide about their consumers. The vast majority (90%) believes that failing to leverage the data in their business strategy will lead to a competitive disadvantage.



BIG DATA BIG RESULTS

In creating its vastly successful 'It's Not Complicated' ad campaign, AT&T relied on big data.²⁰ The company's in-house data scientists scrutinized 370 ads across a multitude of dimensions - from type of humor, level of complexity, to character interaction, to uncover what works and what doesn't. The three-year big-data project resulted in a campaign that is estimated to have generated \$50MM in incremental sales.

Academics have developed new models to use Big Data to predict when online shoppers want their weekly food delivered.²¹ The new analytic approach will help supermarket chains decide the most optimum times and methods of incentivizing customers - in real time,

improving profitability by 4%, a significant benefit in the tight margin grocery sector.

US drugstore chain **Walgreens** has engaged a new targeting and analytics platform called **Retailer iQ™** from **Coupons.com**.²² Designed to drive consumer engagement, activation and shopping behavior, Retailer iQ combines personalized recommendations for products and coupons, integrated shopping lists, extensive targeting capabilities and real-time analytics, among others. The objective is to create an integrated digital experience that keeps the shopper and retailer connected beyond the register.

Credits

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