



MARKETINSIGHTS | JUNE 2014



HAVI Global Solutions

DOING GOOD While Dining Out

Social responsibility is becoming an important area of focus for foodservice operators. With new eco-conscious foodservice packaging options, and more recycling opportunities for used packaging, sustainability can be an easy win for restaurant owners and operators.

According to **Technomic** it's not just about how crispy the fries are, or how tasty the beef is any more: 63% of foodservice consumers are more likely to visit a foodservice outlet they deem socially conscious.¹ Fifty-three percent of foodservice operators surveyed believe they have to invest in social responsibility initiatives in order to remain competitive in the next two years. While there are many types of initiatives operators can focus on, ranging from humane treatment of animals to local community involvement, cost and management of such efforts can be overwhelming and hinder operator efforts.

GREEN OPTIONS ON TAP

In response to growing demand for sustainable products in foodservice, manufacturers are providing more packaging alternatives. **Pactiv LLC** has expanded its green product portfolio by adding a new line of foam cups that is made with up to 25% post-consumer recycled content material.² An industry first, the new recycled content foam cups are an addition to

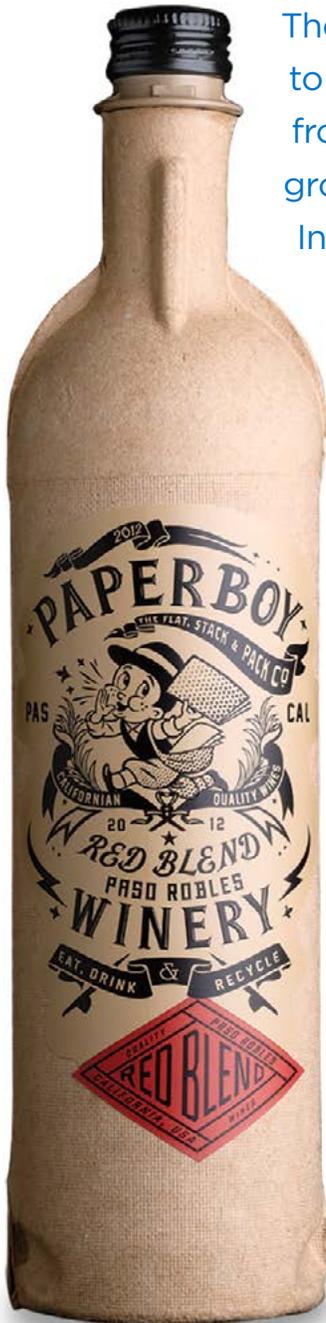
Pactiv's **EarthChoice®** portfolio. **Placon**, on the other hand, has introduced the **Crystal Seal reFresh** line of food containers which are thermoformed using recycled post-consumer PET, and are also recyclable.³ The line features tamper-evident design and exceptional clarity.

RECYCLING ON THE MENU

A recent benchmarking survey sponsored by **Foodservice Packaging Institute** shows that material recovery facilities in Canada and the US are increasingly accepting foodservice packaging.⁴ Examining the acceptability of 19 specific types of packaging at 70 facilities, the study found that cup sleeves, pizza and paper carryout bags, and rigid plastics such as cups and take-out containers are the top three most accepted for recycling. The study also determined that the acceptance rate was mainly driven by the availability of end use markets for the recovered materials.



SUSTAINABLE Packaging



The sustainable packaging market is growing, and is forecasted to reach \$244B globally by 2018, according to a recent report from **Smithers Pira**.⁵ Increasing consumer awareness and growing legislative actions are thought to be driving the growth. In response, manufacturers and brand owners are innovating with new materials, making material substitutions, and putting a more holistic focus on their entire carbon footprint.

WRAPPED IN CHOCOLATE

A chocolate bar wrapped in chocolate: sounds decadent perhaps, yet it is simply environmentally sensible. UK paper company **James Cropper** has pioneered a new technology to convert the skins of the millions of tons of cocoa beans produced every year into paper.⁶ The bio-recycling opportunity arises from the fact that about ten tons of cocoa husk waste is created for every ton of dry cocoa bean produced.

DRINKING RESPONSIBLY

Greenbottle packaging and premium winemaker **Truett-Hurst** joined forces to bring to market a new line of wines designed for on-the-go consumption.⁷ **Paper Boy** branded wine features a unique

molded paper bottle with a plastic lining. The partners indicate that the choice of materials results in a total carbon footprint reduction of 67% over traditional glass bottles, as well as shipping savings. After use, the bottle's paper exterior can be recycled through mainstream recycling programs while the inner bag can be used in waste-to-energy programs.

GREEN AND FRESH

Evertain[®] is a new line of hermetically sealable, airtight paperboard packaging for foods that require oxygen and moisture protection.⁸ Launched by **MeadWestvaco Corporation**, Evertain is a sustainable new alternative to composite and metal cans. Compared to similarly sized cans, Evertain is 60% lighter, and more nest-able requiring less storage space and lower shipping costs. The responsibly-sourced fiber containers can also be printed on directly eliminating the need for labels.

GREAT Design

Successful package design combines both form and function where package structure, graphics, colors, and fonts work synergistically.⁹ While the first objective of packaging is to protect and present a product, its most important role is to elevate and differentiate the brand to be the most desirable among its competition, connect with the consumer, and drive increased sales.

FORM AND FUNCTION



Domino Foods, Inc. has launched new versions of its sugar products specifically designed for tabletop display and usage.¹⁰ *Quick Dissolve Sugar* and *Pourable Brown Sugar* were specifically formulated to eliminate clumping and hardening to allow dispensing directly on to food or drinks. Accordingly, the new packaging was designed to facilitate easy pouring, eliminate the need for a dispensing spoon, preserve freshness (with a flip-top lid that snaps shut), and encourage displaying at the table.

EVOKING THE RIGHT EMOTIONS

For many kids and grown-ups alike, there is nothing like a cool swirl of soft serve ice-cream to evoke the care-free feelings of hot summer days. *Schwan's Soft Serve Ice Cream* pouch from Ampac recreates that feeling straight from the freezer.¹¹ Featuring a unique easy-to-



hold shape resembling an ice cream cone, the custom designed pouch allows the soft serve ice cream to be dispensed in a swirl shape, or to be eaten straight out of the pouch. The gusset-free pouch also features a re-closeable lid for storing left-overs.



DESIGN SPOKEN GLOBALLY

McDonald's' new global look for its French fries in honor of the FIFA World Cup in Brazil demonstrates how a brand can build intimacy with its fans on a global scale by leveraging the right creative at the right time.¹² Using artwork from 12 artists representing different parts of the world, the company is using the football themed containers globally to join in the worldwide excitement created by the championship.

Think Individuals Not Masses

According to research from **Adobe**, today's marketers consider personalization the most important capability of the future.¹³ Segmentation has always been near and dear to marketers' hearts, but today's data and technology can take it to a whole new level. New data capabilities make it possible to assess individual differences, and technology advances facilitate much more precise digital targeting.

YOU REALLY ARE SPECIAL

In a study called *Engaging The Selective Shopper*, **Catalina** uncovered that over the course of a year the average shopper buys less than one percent of all available products in the grocery store.¹⁴ Even more surprisingly perhaps, of the 32 million American shoppers whose 52 week shopping activities were analyzed, no two ever purchased the same items. In other words, every shopper has a completely unique purchase profile, and must be messaged to uniquely in order to consider any given product.

MINUTES MATTER IN STORE

The virtual research firm **InContext Solutions** has found that when shopping, the quicker shoppers are able to find their first product, the more likely they are to linger and purchase more.¹⁵ Conversely, each additional two minutes spent making their first purchase translates to one less product in the basket. Personalizing the in-store experience is a way to capture those sales.

CONTEXT, CONTENT, CONDUIT

Online retailers regularly engage consumers, convert sales, cross- and up-sell via personalization tactics such as product recommendations, webpage curation, targeted alerts and offers.¹⁶ By focusing on *context*, *content*, and *conduits*, brick and mortar stores (such as retail, foodservice) can also leverage personalization and grow sales.

CONTEXT is what makes messages more relevant and more effective. Information about a consumer's present location or preferences (through technologies such as geo-fencing) can lead to messaging that is timely and appropriate.

CONTENT includes everything from product, lifestyle and offers that range from immediately actionable promotions to relevant brand-building information.

CONDUITS are the different touch points a brand can engage in with customers. The messaging must take into account how each touch point (web, email, mobile) can be best utilized individually, and in combination.



SOCI@L MEDIA Comes to the Store

These days everyone wants in on social media. According to a survey of 2,800 marketers by **Social Media Examiner**, 92% of marketers believe social media is important to their business (63% strongly agree, 29% agree).¹⁷

FUNNEL NO MORE

Marketers believe that increased exposure and traffic are the top two benefits of social media marketing. This suggests that the typical way social media gets integrated into marketing plans tends to follow the traditional funnel model of path to purchase, where social media sits at the top along with other brand awareness initiatives, and the in-store retail is at the end of the channel.¹⁸ This method of using social media belies the realities of today's purchase behaviors, and can lead to missed opportunities.

SALES IMPACT

Recent research from **Vision Critical** shows that social media is not just about awareness building, but it can influence sales directly, both online and in the store. In fact, 40% of all social media users have purchased items online or in-store after "liking" them on various social media outlets. The survey further showed that social media drives approximately the same amount of sales both in-store and online. Despite that, only 24% of retailers promote their social presence in-store at the point of sale. To its credit, **Nordstrom** is trying to figure out the effective in-store/social connection. Last year, the company started using its Pinterest fan base to identify popular products and encourage social engagement. These "most-pinned products" were then promoted in-store with special signage and unique merchandise designs.



SOCIAL MEDIA REHAB

Still reeling from a 77% drop in profit last year, the once enormously popular teen retailer **Abercrombie** has decided to make social media a key strategy to win back customers and grow sales.¹⁹ Having taken a beating in recent years for sexualized images and scantily clad models, the retailer is now trying to rehabilitate its image by posting frequently to various social media sites, and partnering with fashion bloggers and kids who incorporate Abercrombie products into their Instagram posts.

Don't Let Demand Manage You



There are many pressures on supply chains today that make demand planning more challenging than ever before. Often the adoption of new demand management methods means that the supply chain processes need to be redesigned from the outside in, creating challenges for supply-centric organizations.²⁰ As demand processes are still evolving and a one-size-fits-all model does not exist, becoming market-driven has to begin with learning to use new forms of demand data and speak the language of demand. Focusing on the concepts of demand sensing, shaping, shifting, and response has the potential to bring about a level of supply chain excellence that is simply not achievable through conventional forecasting.

PROMOTIONS BRING SURPRISES

Promotions are demand-shaping activities that typically fall outside the visibility of supply chain solutions, resulting in shortages, and lost sales. Cloud based solutions that address the unique dynamics of retail are becoming increasingly popular.²¹ Such systems can analyze every shopper purchase for an integrated system of forecasting, planning, allocation and replenishment, and unify demand complexities that arise from e-commerce,

m-commerce and brick and mortar channels. The cloud platform provides scalability while simplifying deployment for clients. **Home Hardware** and **Procurator** are two retailers that have adopted such a cloud-based solution and eliminated excess inventory while improving product availability and increasing sales, cash flow, and operating income.

OMNI-CHANNEL = OMNI-DEMAND

Predicting and planning for demand from various channels is a serious challenge for today's omni-tailers. With shoppers increasingly looking for convenience and flexibility (research online, order on mobile, ship it home, return to the store) retailers are challenged to maintain service levels under ever-changing circumstances. **Urban Outfitters, Inc.**, a multi-national, multi-brand chain of apparel and home goods recently signed on with **TXT Integrated Retail Planning Solution** to address the growing complexities of planning and assortment.²² With this integrated solution the company will be able to more accurately plan demand across many product categories, channels, and worldwide locations and translate it into effective buying, merchandise and assortment plans.

Credits

¹Study: Restaurant Consumers Want More Focus On Sustainability, www.fastcasual.com, 2/4/2014

²New Foam, Post-Consumer Recycled Content Cup Launches, www.packstrat.com, 2/21/2014

³Recycled PET Container Offers Versatility In Food Merchandising, Kari Embree, www.packagingdigest.com, 5/28/2014

⁴Study Dispels Foodservice Packaging Recycling Myths, www.qsrweb.com, 3/27/2014

⁵Sustainable Packaging Market To Reach \$244 Billion By 2018, Anne Marie Mohan, www.packworld.com, 2/13/2014

⁶Sweet Innovation As Cocoa Waste Is Transformed Into Chocolate Wrappers, Bill Bruce, www.foodbev.com, 10/17/2013

⁷PaperBoy Paper Wine Bottle A U.S. First, Anne Marie Mohan, www.greenerpackage.com, 2/19/2014

⁸Patented Barrier Technology Offers Unique Sustainability Benefits, www.foodandbeveragepackaging.com, 4/16/2014

⁹Appeal To The Subconscious Through Package Design, Ted Mininni, www.packworld.com, 2/7/2014

¹⁰Domino Launches Shapely, 'Table-Worthy' Canister Design, Anne Marie Mohan, www.packworld.com, 11/4/2013

¹¹Packages Of the Year 2014, Liz Cuneo, www.foodandbeveragepackaging.com, 4/11/2014

¹²McDonald's French Fries Packaging Gets World Cup Redesign, Tony Corbin, www.packagingnews.co.uk, 5/22/2014

¹³Marketers Cite Personalization As Most Important To Marketing In Coming Years, www.adage.com, 3/25/2014

¹⁴ Study: Shoppers Purchase Less Than 1% Of All Available Products At Their Grocers, www.theshelbyreport.com, 1/16/2014

¹⁵Too Many Options On Shelves May Be A Bad Thing, www.csnews.com, 5/13/2014

¹⁶Technology Brings Personalization Back To Brick & Mortar Stores, David Dorf, www.retailwire.com, 5/7/2014

¹⁷2014 Social Media Marketing Industry Report, Michael A. Stelzner, Social Media Examiner, May 2014

¹⁸Connecting Social Media And The Store, Alicia Fiorletta, www.retailtouchpoints.com, 5/13/2014

¹⁹Abercrombie Minimizes Logos, Embraces Social Media, www.adage.com, 5/22/3014

²⁰Learning The Language Of Market Driven Demand, Lora Cecere, www.supplychain247.com, 1/27/2014

²¹Ahead In The Clouds: Blue Ridge Unified Solution, www.sdcexec.com, 3/2/2014

²²Urban Outfitters Selects TXT Integrated Retail Planning Solution, Shukti Sarma, www.retail-digital.com, 2/2/2014



HAVI Global Solutions

www.havigs.com