



GLOBAL PERSPECTIVES IN FLEXIBLE PACKAGING

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GLOBAL TRENDS IN FLEXIBLE PACKAGING

The Zip-Pak Global Perspectives Report grew out of our ongoing commitment to the flexible packaging industry, our packaging partners, and most importantly our valued customers, to better understand and effectively adapt to global consumer behaviors, preferences and influences.

In compiling this report, interviews were conducted with industry experts in key regional markets from Latin America, Europe, Asia-Pacific and North America. Data, information and insights were collected from contributors with a diverse variety of perspectives, including stakeholders for Innovation, Engineering, Business Development, Marketing and Sales.



Worldwide, flexible plastic remains the dominant type of packaging, accounting for more than 29 percent of the market. Based on product characteristics, brand identities, and consumer expectations, certain categories lend themselves to flexible packaging and experience a higher percentage of use when compared to rigid packaging, food products enjoy the highest percentage of use.

Statistics contained in the latest report published by PMMI, The Association for Packaging and Processing Technologies illustrate this point:

FOOD:	57% Flexible	43% Rigid
BEVERAGES:	25% Flexible	75% Rigid
PHARMACEUTICALS:	31% Flexible	69% Rigid
HOUSEHOLD PRODUCTS:	2% Flexible	98% Rigid



FOUR KEY GLOBAL TRENDS OBSERVED

A number of trends are affecting packaging on a global basis.

1. An increase in disposable income and purchasing power of the middle class
2. An aging consumer population
3. Growing awareness about health and wellness
4. Recycling, environmental and sustainability concerns



“When viewed on a global scale, sustainability and environmental stewardship are highly influential factors in driving consumer preference for flexible packaging.”

Carrie Strieter

Director, Strategic Marketing and Innovation, Zip-Pak

FOUR KEY GLOBAL TRENDS OBSERVED

1 THE RISE OF THE MIDDLE CLASS

An expanding middle class is becoming more evident and more diverse in many areas around the world. They are brand aware and increasingly brand loyal, and want access to a variety of products at different prices, including products they aspire to but can't currently afford. Middle class expansion is especially prevalent in the Latin America and the Asia/Australia/New Zealand regions. According to one report, it is estimated that by 2030, two-thirds of the global middle class will live in the Asia-Pacific region, up from just less than one-third in 2009.

As household incomes increase in these regions, the resulting disposable income is enabling consumers to purchase packaged goods from modern retail locations with greater frequency than ever before. As brand owners seek to differentiate and create greater value-added products and experiences for consumers, more specialty materials and features, such as inks, coatings and closures, will continue appearing across various packaging formats.



FOUR KEY GLOBAL TRENDS OBSERVED

2 AN AGING POPULATION

The combination of healthier lifestyles and advances in medicine and healthcare are key factors that have directly contributed to the increase in percentage of older populations around the world. From 2010 to 2050, it is projected that in developed regions, those aged 65 and over will increase from 16% to 26% of the population. The growth of the senior population is a contributing fact to data indicating that household sizes, in the United States in particular, are getting smaller, while the population as a whole is looking for healthier food options that are also convenient and stay fresh for a longer period. These reasons contribute to the growing call for smaller and more convenient product packaging.

The appeal and opportunities for senior-friendly packaging are clear. Products should be designed with seniors in mind, while incorporating universal design principles into their packaging. This presents opportunities for packaging innovation to create brand distinction in a number of priority product categories, such as functional foods, heavy or spill-prone household products, and prescription and OTC medications.



FOUR KEY GLOBAL TRENDS OBSERVED

3 SUSTAINABILITY AND ENVIRONMENTAL FOCUS

The reusability and recycling of packaging are maintaining their momentum as major trends, so much so that sustainability and conservation efforts are expected to become a key component of marketing efforts intended to create and strengthen brand-customer relationships. According to a recent global study by Nielsen, fifty-five percent of consumers across 60 countries say they are willing to pay more for products and services provided by companies that are committed to positive social and environmental impact.

Globally, consumers are checking the label first before buying to ensure the brand is committed to positive social and environmental impact. This trend to buy socially responsible brands is strongest in Asia-Pacific and Latin America. Technology advancements such as the lightweighting of materials, improvements in material lamination and efficiencies in manufacturing are some examples of the efforts being made by brand owners to address growing consumer desire for responsible environmental stewardship.



FOUR KEY GLOBAL TRENDS OBSERVED

4 HEALTH & WELLNESS AWARENESS

Increasingly, consumers are inclined to prefer and purchase products that are good for their health and their wellbeing. Many consumer packaged goods companies are responding by introducing more natural products and removing artificial ingredients. The proliferation of food products with clear packaging features that visibly display contents is indicative of efforts by brand owners to stress product quality and freshness as a means of creating brand distinction among the legions of consumers looking for packaged fresh food products. Products marketed as organic and natural are experiencing considerable growth while product categories like bottled water and yogurt are also seeing sales increases.

For pouch packaging and packages with labels, there has been an increased use of clear film to showcase the quality and authenticity of products that are healthy and use natural ingredients. Also observed are an increased use of matte finishes and the use of natural-looking and uncoated papers.



NORTH AMERICA: A MATURE MARKET WITH EVOLVING OPPORTUNITIES

The flexible packaging format has been part of the packaging industry in North America longer than any other market globally. And although there are select end market categories that have not yet realized their adoption potential, the familiarity and acceptance of flexible packaging among consumers has become an important driver of consumer desires and expectations. As a group, they have grown beyond the novelty of the format itself and resealable packaging features that add convenience and ease-of-use, accepting them as the norm. As a result, brand owners are now looking to differentiate themselves with consumers through the use of unique materials and pouch formats, combined with next-generation advancements in resealing features that provide easy access to package contents and extend shelf life.



“Brand owners are actively seeking value-adding, innovative packaging solutions to differentiate at the shelf and to support consumers’ lifestyle needs.”

Art Malcomson

Director of Sales and Marketing, Zip-Pak

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Global Trends In Flexible Packaging: NORTH AMERICA



CATERING TO AN AGING POPULATION

With 76 million baby boomers currently living in the United States and accounting for approximately one-quarter of the population, brand owners are keenly interested in this group's purchasing power which represents almost half of America's disposable income. Gaining and maintaining brand preference, and achieving market success will be fueled by catering to their needs through packaging features that include easy-to-read product labels, easy-to-open-and-reclose features and clearly labeled nutrition information.

The demand for products in smaller package sizes has been growing in recent years and the trend is expected to continue thanks to a couple of factors. First is the mobile nature of the North American consumer who is eating more "grab and go" meals. Second is the shrinking size of the American family, driven in large part by the growing number of Americans who have achieved baby-boomer status.

TAKING ADVANTAGE OF THE OPPORTUNITIES

Marketplace shifts and consumer trends often occur at a rapid pace and provide myriad opportunities for brand owners, marketers, packaging providers and supply chain partners. Key to taking advantage of these opportunities is recognizing and understanding the manufacturing variables that can offer the most cost effective solutions. By responding in a timely manner to consumer behavior and purchasing patterns, brand owners and their flexible packaging partners have the ability to tailor the quantity of packaging runs, the size of packaging and incorporate desired reclosure features. Instituting these types of production efficiencies can result in a reduction in ordering of materials, warehousing and material waste.

Further, pouch packaging offers the enhanced benefits of space efficiency in both packing and shipping, including reduced transportation costs. Simultaneously, it helps to satisfy the upward trend of consumer concerns for minimizing the waste stream and appealing to their desire to purchase products from companies who demonstrate responsible environmental behavior.

LATIN AMERICA: A DIVERSE MARKET WITH MANY OPPORTUNITIES

Latin America is a young and emerging region that offers great potential and possibilities for brand owners looking to gain market share with the help of relevant packaging solutions. Central and South American consumers are in the early stages of appreciating and adopting products in pouches but are doing so at a rapid pace. This is being driven primarily by the expanding middle class whose income has been increasing. Several years ago flexible pouches first began appearing in small sizes, limited by space restrictions of small local markets, but the appearance of “big box” stores like Wal-Mart and Carrefour has given consumers the opportunity to buy in larger bulk packaging and save. With larger packages has come the increasing demand for flexible resealable features that extend the product’s shelf life. And, since this is an emerging market, once reclosure features make an appearance for one brand in a product category, other brands seek and adopt similar features in an effort remain competitive, increase sales and attract customers.



“Great growth potential exists in Latin American markets. Taking advantage can depend greatly on partnering with packaging provider who can consistently deliver reliable solutions while remaining price competitive.”

Frank Kelly

Director of Business Development and Latin America, Zip-Pak

Global Trends In Flexible Packaging: LATIN AMERICA



DIFFERENT COUNTRIES EXHIBIT DIFFERENT NEEDS

Across Latin America and South America various countries have been experiencing similar consumer acceptance in the growth of flexible resealable packaging but the diverse mix of products from country to country has created a demand for different types of packaging solutions. Over the last twelve-to-eighteen months, however, a number of product categories have experienced consistent success across the region including pet foods, cheese, baked goods and snack breads. And in Brazil, poultry accounts for the majority of pouch packaging with a press-to-close zipper, much of which is for export.

Today, Brazilians are looking for value with multi-serve options and private label store brands at a lower price point. Powdered products, in particular powdered milk, are a popular category in Peru. Flexible packaging solutions that incorporate powder-proof reseal features are anticipated to gain favor with consumers. In some other areas of the market, pet foods are seeing sales gains with flexible packaging, particularly in large pouch formats. As awareness and familiarity with resealable pouch packaging increases among consumers in both Central and South America, the demand for the flexible format throughout the region is projected to keep pace.

PACKAGING PROVIDERS RECOGNIZE OPPORTUNITIES

As savvy brand owners tap into the demands of Latin American shoppers, increasingly they are looking to flexible packaging providers to partner with them to offer consumers cost-effective, reliable solutions. Primary areas for which they are seeking expert advice include the effect of flexible formats on consumer pricing, product and packaging compatibility, packaging materials selection, how to best incorporate flexible packaging into existing manufacturing operations and building relationships with packaging partners who can consistently and reliably meet their needs. Packaging services providers are responding by offering consultative services to assess the feasibility of flexible packaging, conducting training seminars and deploying technical support teams, all in an effort to educate and inform brand owners and marketers to the many options available and how best to incorporate pouches with reseal features.

With current market penetration of about fifteen percent, the flexible format is poised for considerable growth in the coming years as continuing advancements in materials and manufacturing, cost-effective packaging solutions and the demands of an expanding middle class in the region converge.

EUROPE:

OPPORTUNITIES IN A REGION NEARING PACKAGING MATURITY

From England to France, from Germany to Switzerland, and all across Europe, pouches have become a staple form of packaging on store shelves and at home with consumers. Although not as advanced as the North American region, flexible packaging is now widely accepted and desired in Europe, where zippers with press-to-close convenience have become the value-added norm.

As a result, shoppers are now primed for a new generation of packaging with features that offer additional ease-of-use and functionality. This trend is a natural evolution and follows the rigid to flexible migration that preceded it. A good example of this shift is the frankfurter category, which had traditionally been packaged in jars or cans but has recently experienced a shift to pouches. Another notable occurrence is in the cereal category, moving from traditional bag-in-box to flexible, reclosable pouch in response to convenience needs expressed by Swiss consumers.



“Today’s consumers are looking for products of difference. Packaging with features that deliver ease of use and convenience can make all the difference.”

Murray Leighton

Director of Worldwide Engineering and Development, Zip-Pak

Global Trends In Flexible Packaging: EUROPE



NEW FEATURES CREATE CONSUMER PREFERENCE

While as recently as five years ago European consumers were viewing reclosures as a novel but valuable packaging feature, today their expectations have been raised as the proliferation of packaging with reseal features have become the standard. Innovative packaging providers are responding with a new generation of offerings with demonstrable performance characteristics that include sight, sound, feel and scent. Multi-align closures that offer easy resealing are combining with flexible packaging formats that offer product access with full perimeter resealability for products like salty snacks and pet foods. Zippers can now be infused with a scent and customized to the fragrance of a specific product for categories like dishwasher and laundry pods, coffee and tea. Innovations like these should be especially appealing to high end and premium brands looking to elevate brand perception with customers who have previously demonstrated their willingness to pay more for added value features.

Regardless of price point, consumers throughout Europe continue to look for products with a difference, and flexible packaging reseal features are, and should continue to be, a very effective means for brand owners to achieve this premium brand perception.

BRANDS LOOK FOR AN EDGE IN COMPETITIVE ENVIRONMENTS

Whether in a novel or mature product category, once one brand owner adds a reseal feature to a flexible pack, it's a normal occurrence for competitors to follow suit. For example, block cheese, which was previously available only in traditional forms of packaging has recently made the transition to flexible alternatives that are used universally in the product category. Coffee and powdered beverages are other product sectors that have experienced a similar shift.

Remaining constant with consumers is a preference for packaging with reliable performance characteristics that protects freshness throughout the product's life cycle at a low price point. They also are growing to recognize the greater value that comes from packaging that enables them to completely utilize product and eliminate waste.

ASIA-PACIFIC: A REGION WITH MULTIPLE “PERSONALITIES” AND POTENTIAL

Throughout Asia-Pacific, markets are developing at varying rates, each one with its own set of possibilities and opportunities for brand owners to create regional success through the incorporation of flexible packaging with its product offerings. Australia and New Zealand are mature markets, and more similar to the U.S. than any other. Consumers here are looking for enhanced product packaging with high performance features that enhance the user experience, like Sensory Feedback Fasteners with audial and tactile feedback that confidently indicate the successful reseal of a flexible package. Japan is also a mature market. However, the country is currently experiencing market dynamics heavily influenced by an aging population where more than 25% are over the age of 65. This consumer segment should respond most favorably to products in packaging that is lighter in weight and easy to handle, easy to open and reseal, and product labels with larger type that is highly legible. Japanese consumers in general share a preference for healthy products and health-minded brands. For this reason, packaging that utilizes clear materials to project the quality and freshness of its contents should continue to win favor among consumers. Reclosure features that assist in protecting product integrity during the usage cycle will create additional brand appeal and value.



“Consumers in the Asia-Pacific region are drawn to brand packaging that is easy-to-use, with features that enhance the user experience.”

Robert Hogan

Director of Business Development and Asia-Pacific, Zip-Pak

Global Trends In Flexible Packaging: ASIA-PACIFIC



CHINA LOOKS TO CATCH UP

As this sprawling nation sees its rural population migrate to more concentrated areas of growth, the middle class is playing a more significant factor. However, unlike the patterns exhibited in other emerging markets, China is forging the two-step evolution of moving to a flexible package format, then following with the addition of the resealable feature.

One notable similarity which exists among China, Latin America and Europe is that once a brand introduces a flexible package, others closely follow. Converters and their supply chain partners are adapting to the demands of customers from inside China and out. In fact, much of the flexible packaging produced in China is ultimately designated for sale and consumption outside its borders. As a result, global packaging experience and an understanding of specific regional market conditions will be important factors in helping packaging services providers assist brand owners in navigating a path to success in China in the years ahead.

VERSATILITY AND SPEED ARE KEYS TO SUCCESS

As stated previously, many countries in Asia-Pacific feature products that are uniquely national in their consumption. For example, South Korea enjoys snack foods like shrimp flavored potato chips. But regardless of the products themselves, emerging, price-sensitive markets are favoring more traditional press-to-close fasteners that offer entry-level affordability. In contrast, mature packaging markets like Australia are now evolving to more advanced, value added closures like those offering sensory feedback.

Exporting plays a large role in the ongoing growth of the region with Thailand joining China in exporting efforts both within Australasia and globally. Low-cost reliable solutions like press-to-close and simple sliders provide converters and their customers with many affordable options. Emerging markets in Asia-Pacific are experiencing similar growing pains and opportunities as in other global markets. Differentiating products with consumers to gain preference and generate sales is paramount among brand owners. Finding packaging partners who can reliably perform on schedule is the other side of a constantly shifting equation. Organizations that have the resources, expertise and proven success on both a local and global scale will have a decided edge in serving the needs of brand owners, converters, supply chain suppliers and ultimately, consumers wherever they live.



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