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Drivers and trends that inspire change
and innovation in packaging





DRIVERS AND TRENDS THAT INSPIRE CHANGE AND INNOVATION IN PACKAGING

Welcome to this edition of the quarterly newsletter as a value-added service to members of the S A Wine Industry. The purpose is to provide you, the decision-maker, with meaningful insight into events, trends, opportunities and threats through the analysis of the ever-changing competitive environment. The analytical approach is a multifaceted, multidisciplinary combination of scientific and non-scientific processes.

We trust that this publication will become part of your strategic thinking, strategic planning and decision-making process. You are welcome to send comments and suggestions to the publisher.



INTRODUCTION

Drinks packaging is continuing to evolve and innovate. Packaging plays a critical role in the global economy and is inspired and influenced by a number of factors driven by attempts to counter the recessionary forces of 2008 and 2009 by focusing on building brands and improving productivity. The ultimate aim of course is to optimise sales and cut costs.

The main drivers that will impact on and shape trends in packaging in the immediate future are the economy, sustainability and consumer pressure. This is confirmed in a survey by the publication *Packaging Digest* towards the end of 2009 that asked seven packaging experts what trends they think are likely to impact on packaging in the coming year. They unanimously mention sustainability as a major trend that will continue to affect operations in packaging. As a sign that the world is still recovering from the worst economic slump in decades, the economy is listed as another major concern for packagers while consumer preference is mentioned as a third driver.

These drivers will give rise to a number of trends.^{1,2} These are growth in private branding, the importance of quality control measures (closely tied to branding), product and food safety consolidation in the industry, innovation and the integration of product processing and packaging. The increased adoption of new technologies in digital printing and safety enhancements, as well as attention-grabbing packaging shapes, sizes, features and materials increase shelf impact

1 http://www.packagingdigest.com/article/442112-Packaging_trends_for_2010.php. John Kalkowski, Editorial Director – Packaging Digest, 1/1/2010
2 http://www.packagingdigest.com/article/442112-Packaging_trends_for_2010.php. John Kalkowski, Editorial Director – Packaging Digest, 1/1/2010

and product differentiation, both of which help convince consumers to buy.³ All these trends have inspired new production and packaging technologies over the total spectrum of packaging. From a consumer perspective, changes to traditional packaging methods were inspired by their shortcomings: Glass breaks easily and is heavy, adding to transport costs. With rising fuel prices, innovative options for packaging wine are becoming a necessity. The following section will examine each driver in more detail.

DRIVERS IN PACKAGING

1. Economy drives many trends

The current economic situation is a major driver for the trends affecting packaging according to experts in the industry⁴. This trend impacts on innovation in especially alternative packaging solutions (discussed later in this report). Cutting back characterises today's packaging industry. A 2009 *Food Engineering* survey of players in the packaging industry indicated that fewer capital expenditure projects will be undertaken this year at their plants. One in four plans to install new lines in 2010, down sharply from 2007, when almost twice as many *Food Engineering* readers polled were putting in new lines. In addition, since the start of the global recession, consumers are more than ever looking for value for the money they spend. There is a perception amongst consumers that products have too much packaging, and this is motivating manufacturers to downsize and lighten the protective covering that goes around their products. The benefits from these efforts are that many companies are achieving material savings in cost structures and increased demand from green consumers.

3 www.pmmi.org/pib/packagingtrends2010.pdf
4 Pat Conroy, vice chairman, consumer products, at Deloitte



Equally important is that lean principles are cutting across all levels of companies' operations. Manufacturers are cutting costs throughout their businesses, reducing labour costs through automation and technology, evaluating all expenditures, upgrading and consolidating facilities for the sake of productivity and eliminating non-core or poorly performing business lines and products. Manufacturers are also innovating to gain a competitive edge by introducing new package designs and installing new equipment in a bid to increase market share. More attractive and modern graphics, new high-speed equipment and package formats that are either more convenient for users or cut in-house handling costs are among the changes that are taking place.⁵

2. Harmony sought on sustainability and the environment

Economic and social goals are intertwined in sustainability initiatives, e.g. using light-weight bottles will take advantage of reduced cost and deliver an improved sustainability message at the same time. The main sustainability streams that companies have taken are energy use and waste. Companies are also examining the supply chain, to reduce transportation costs, reuse secondary packaging and recycle content in their packaging. Sustainable innovations fit well with brand owners' lean initiatives and fall primarily into five categories: utility conservation, source reduction, recycled content, recyclability and renewable materials.

Sustainability has evolved into a mainstream commitment in the packaging industry. Sustainability gives rise to trends such as consumers' concern with too much packaging and the resultant reduction in the material use in

both primary and secondary packaging, and the growing use of bioplastics such as polylactic acid (PLA), which is currently being used most often by small companies for specific products, such as bagged salads. Large retail chains are developing policies to reduce the environmental burden of excess packaging.

From a wine industry perspective the challenges call for pragmatic environmentalism as the industry needs to deliver wines that exceed quality and price expectations, while helping customers (wholesalers, retailers and consumers) achieve their environmental goals.⁶ The wine industry has embraced the green movement and there have been some notable accomplishments, but packaging in the wine industry still needs improvement. There are 3.1 billion cases of wine produced annually and traded and shipped internationally. About 70% of the wine consumed around the planet retails for less than US\$10 a bottle, and 70% of that is for the cork, caps, label, glass, cardboard cases, and transportation. The environment is a fundamental driver - because of legal and political factors in terms of recycling and minimisation of packaging and the use of recycled material.⁷ In a sense it becomes the norm, all players are doing it. Recyclability, energy use, water scarcity and ethical sourcing of ingredients are all key factors now for the industry. This in turn has had significant effects on the quantity and type of materials used to create drinks packaging. Behind this lies the Packaging Waste Directive, which requires soft-drinks brand owners to reduce packaging, cut packaging waste going to landfill and increase recovery and recycling.

One key effect of the industry's need to improve its environmental performance is the dominance of PET as a packaging material over glass and metal. Among plastic container

materials, PET has become the leading environmentally sound packaging. It is easily recycled, and has ready markets for its recycled form.^[1] PET's other crucial advantage over glass and metal is weight, which has benefits in product distribution, waste collection and processing.

3. Consumer pressure

Among the strongest sub drivers in the economy and sustainability is global consumer interest in sustainability, the need for less packaging, reusability and recyclability while at the same time ensuring content quality and safety. Consumers are increasingly interested in their personal impact on the environment and are demanding more from manufacturers. Further, escalating disposal costs from some governments are creating new demand for packaging. Industry analysts have observed an emerging strong push for coordinated and cooperative efforts in packaging sustainability in part driven the work of International Organisation for Standardisation (ISO) to harmonise packaging sustainability, with the possibility of bringing in elements of the European Union's Packaging Directive. In addition, the CEO Forum's Global Packaging Initiative and the Wal-Mart-supported Sustainability Index Consortium will be creating measurement tools that packaging manufacturers will have to consider. From a consumer perspective, the economy is also a significant driver of how consumers make their choices⁸ and there will be a growing demand for more clarity around the messaging. There have been some sustainability claims by companies that may be questionable, and consumers are looking to get clarity around what is really sustainable.



TRENDS IN PACKAGING

The drivers mentioned earlier i.e. the economy, sustainability and consumer pressure, have inspired a number of clear trends in packaging. These trends are subsequently described.

1. Consolidation, globalisation and convergence creates competitive impact

The current economic realities have impacted on consolidation in the industry. This trend is set to continue to impact most segments of packaging with fewer packaging suppliers creating increased competition.⁹

According to a packaging industry report, one strategy to enhance competitiveness especially in the face of today's economic pressures, is globalisation.¹⁰ Globalisation involves common standards and strategies, not just a presence in more than one country. Global companies can experience success that exceeds the sum of their various international parts. Part of being global is a common global machine design; and part of acting local is building that same machine, identical down to the part numbers, at various locations around the world, close to the customer. This strategy can leverage global design talent to produce superior machines while meeting customer needs for documentation in a local language, local parts supply and regional control platform preferences. A trend that has emerged is that smaller companies are being acquired by larger holding companies to provide one-stop shopping and to develop the infrastructure for globalisation.

5 http://www.foodengineeringmag.com/Articles/Feature_Article/BNP_GUID_9-5-2006_A_1000000000000657264

6 www.betterwinesbetterworld.com

7 Jill Ardagh, director general of the British Soft Drinks Association

[1] International Trade Centre, Packdata Factsheet No. 26

8 Jane Chase, president of the Institute of Packaging Professionals (IOPP)

9 Marla Donahue, president of the Flexible Packaging Association

10 www.ontheedgeblog.com/blog-mt1/2008/07/more_trends_from_interpack_-_globalization_consolidation_customer_intimacy.php



Along with globalisation and consolidation comes a shift in focus from what suppliers have to offer to what customers need to have. In the past, packaging equipment manufacturers distinguished themselves by the type of products that they made, such as flow wrappers or cartoners, not by the customers that they served. That is changing rapidly. Today, companies distinguish themselves as solution providers to a particular customer segment such as dairy, cosmetics, pharmaceuticals or confectionery. In an era where automation is important, standards are lacking and end-user engineering talent is declining, customer intimacy is bound to be a successful go-to-market strategy in the packaging industry as it has been in other industries such as information technology.

2. Sustained innovation becomes a competitive advantage for brands

Package innovation is one of the most difficult, but most visible, investments beverage companies can make. Of the 988 product introductions measured in 2009 by *Marketing Intelligence Service's* product scan, only 16 offered packaging innovation claims. There have been stand-outs in the industry that are leading the future of beverage packaging including new technology aluminium bottles. From wines to beer to spirits, manufacturers are introducing modern new designs that combine clever technology and a growing trend toward functional packaging. There have been sleeker labels and modern graphics, the bag-in-box (BIB) and single-serve bottle sizes and now there is even wine packaged in a glass ready to serve. There

has never been as much innovation in the drinks packaging business (including closures) as there is now.¹¹

A growing number of drinks manufacturers are exploring new pack formats such as pouches to give their products stand-out value. According to the *DuPont Awards for Packaging Innovation 2010* the essential elements needed to drive breakthroughs in packaging are innovative new developments, along with cost and waste reduction and improved sustainability.¹² One of the 2010 winners at the *DuPont Awards* was Exal Corp.'s new coil-to-can (C2C) aluminium bottle manufacturing technology that features recyclable aluminium alloy and enables marketers to consider aluminium bottles for large-scale beverage applications. They are manufactured at faster speeds to enable a significant weight reduction at a cost comparable to PET or glass. The other noteworthy *DuPont* winner was The Coca-Cola Co.'s new PET PlantBottle that uses a PET resin sourced from up to 30% plant-based renewable material. It is aimed at ensuring less waste.

Finally there is the *Copa di Vino*, a single-serve plastic wine 'glass', born of a wine glass packaging concept that originated in France. *Copa di Vino* aims to appeal to wine makers, who see new market opportunities for wine served in recreational and outdoor venues. Wine is bottled directly into the glass-shaped container, which enables a 1-year shelf life. Because there is no bottle, 50% of packaging waste is avoided. The carbon footprint is also reduced due to the 30% lighter weight of the plastic versus glass.

3. Differentiation grows

Several differentiating factors are growing in importance. Private-label branding has never been stronger and interest is growing.^{13 14} This is a significant trend especially when viewed against the background of many retailers looking to improve margins, are undergoing shelf-space rationalisation and therefore seeking to keep only the products that are most in demand. Consumers' frugal frame of mind will continue to encourage a hunt for value with national "value products" and private-label brands as viable options.¹⁵ This mindset is forcing brand owners to reformulate, rebrand and re-price products to avoid competing strictly on price. It is also increasing the importance of the packaging, labelling and sustainability as differentiator. While consumers are also more educated about the products they buy, they are still seeking, and positively responding to, innovations in products, packaging, advertising and branding. So in addition to private labelling, packaging uniqueness is also becoming a major differentiator for successful products and colour coding on packaging within a product line to differentiate that packaging is another developing trend.

Some companies are redesigning packaging to more strongly differentiate their brands. In this regard, bottle shapes are a differentiator. In 2009, Woodhouse, UK brewer redesigned the bottles for its portfolio of Badger ales, introducing a new shape, new label and a lighter weight. Advances in glass manufacturing technology allowed the brewer to emboss the bottles, which it claims improves the style and shelf presence of its premium ales. The lightweighting exercise has resulted in an overall glass reduction of 27%, cutting

Hall & Woodhouse's glass packaging waste by 1,500 tons a year, the equivalent of 1,100 tons of CO₂. Glass manufacturer O-I also recently showcased a number of concept designs for wine bottles.¹⁶ They are eye-catching in design (see below) and stand out on a retailer's shelf. O-I has created the concepts to demonstrate how brands can use packaging to catch shoppers' attention in



store and come up with a product that really stands out against a sea of standard 750ml bottles. The argument is that, even in a highly traditional market like wine, new sizes and shapes can communicate a product message and encourage brand loyalty.

Source: O-I

4. Food-safety concerns

Food safety remains a priority concern for consumers and will continue to affect packaging materials¹⁷. As a result, companies are seeking new packaging that helps ensure healthy and safe products.¹⁸ Recalls can be particularly damaging to a company's bottom line so packaging that can help prevent mis-

11 Jill Ardagh, director general of the British Soft Drinks Association

12 http://www.packagingdigest.com/article/509234-Packaging_innovations_celebrated_at_DuPont_Awards.php

13 Lynn Dornblaser, director, CPG Trend Insight at Mintel Intl

14 Pat Conroy, vice chairman, consumer products, at Deloitte

15 Chuck Yuska, president and CEO of the Packaging Machinery and Manufacturers Institute (PMMI)

16 Simeon Goldstein, packagingnews.co.uk, 02 December 2009

17 Marla Donahue, president of the Flexible Packaging Association

18 Pat Conroy, vice chairman, consumer products, at Deloitte



labelling, spoilage, product tampering, contamination or damage will likely be in demand. Wine counterfeiting is also a concern that impacts on closure types (see elsewhere in this report) and traceability will become even more important which is particularly important to fresh produce and meat companies. It seems that glass is a winner in terms of health concerns. A survey of 1,000 U.S. consumers conducted in April 2010 by *Opinion Research* for the *Glass Packaging Institute*¹⁹ found that consumers have a high level of trust in glass in key areas, including contamination issues and environment reasons. Glass still by far dominates wine packaging.

5. A move away from heavy glass bottles

The challenge of reducing the weight of packaging is nothing new and is driven by the aim of reducing waste, cutting energy costs and taking the strain off consumers.²⁰ Technological advances, the rise of government-set waste and recycling targets in some countries, growing economic pressures and greater consumer awareness of environmental issues mean that the practice of lightweighting has gathered momentum because of the Courtauld Commitment (a voluntary agreement in the UK aimed at improving resource efficiency and reducing the carbon and wider environmental impact of the grocery retail sector) and packaging legislation has focused on weight.

It appears that a groundswell is forming from a market perspective. In October 2009, one of the UK's leading wine critics Tim Atkin of *The Observer*, declared war on overweight packaging by vowing to boycott wines sold in heavyweight wine bottles from his Sunday

newspaper column.²¹ Instead, he encouraged wine buyers to buy wine in BIB, plastic, Tetrapaks or lightweight glass. He also suggested that consumers buy wines that are shipped to the UK in bulk and bottled there. Champagne and other sparkling wines would, however, still be acceptable in heavy bottles because "the wine style dictates the choice of package". This is a sign of increasing pressure on the packaging industry and the wine industry to give attention to environmental concerns.

More and more producers are adopting lightweight wine bottles.²² They may weigh up to 28% less than traditional bottles saving tons of glass per annum. The benefits of this packaging include the fact that these bottles are cheaper to buy, lighter to transport and the amount of water used in their production is 12% less than their predecessors. Lightweighting is now more of a requirement than a 'nice-to-do'.²³

In terms of consumer acceptance, it seems that any initiative that seeks to reduce energy in the manufacturing process, cut transportation weight and increase recyclability boosts environmental credentials and acceptance. There is still some resistance to lightweighting mostly in some markets in the Far East, where elaborate packaging sells a product.

6. The closure debate continues

Again, inspired by drivers such as the economy, sustainability and consumer concerns with the environment, the economy and health, closures exhibit some key trends. The debate over cork versus screw caps dominated the packaging and closure semi-

nar at the London International Wine Fair (LIWF) in May 2010.²⁴ The screw cap currently holds 20% of the world wine closure market and this is expected to rise to 50% by 2015.²⁵ Somewhere between 2.5 and 2.8 of the 17bn wine bottles sold in 2010 will be under screw caps, according to the French daily newspaper *Le Figaro*, a number corroborated by Dr Olav Aargaard of Nomacorc, who has been following the transition from cork to alternative closures over the past five years. "We estimate that 35% of all bottles are currently sealed with alternative closures. As recently as 2000, 99% of the market was natural cork." Another 30% of the some 20bn litres of wine sold annually is moved in PET, BIB, Tetrapak, pouch or aluminium can, which means that bottles under cork now account for less than half of all wine moved.²⁶ The main reason for this increase is because it is easy to open and store and the rising cost of importing cork. Other reasons for using synthetics are that it avoids wine tinting

and is also easier to seal a bottle. More than half of all bottles of wine sold in Tesco in the UK now have screw caps.

For now, natural corks however remain by far the most frequently used closure with technical corks the most popular alternative closure according to results from the *Wine Business Monthly's* 2010 closure survey of 168 US wineries. Figure 1 illustrates that the number of wineries in the US using synthetic closure has decreased by about 10% since 2004. What the survey has found is that about a third of the respondents to the 2004 survey used multiple closure increasingly to the point that about three quarters of the respondent in the 2010 WBM survey are using more than a single type of closure.

One factor that increasingly impacts on the debate on closures is wine counterfeiting. There are estimates that up to 5% of fine wines sold are fake.²⁷ Traditionally this market had shied away from alternative closures, but if they can help find a solution to what is a very real

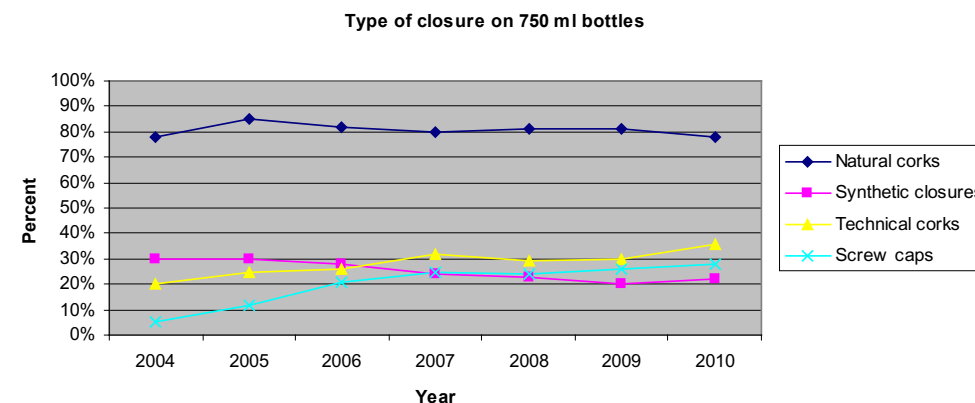
²⁷ Guala marketing manager Anne Sez nec

²⁸ Ibid

²⁹ Simeon Goldstein, *packagingnews.co.uk*, 13 April 2010

²⁶ *Wein-News*, 23 July 2010 <http://blog.sigihiss.com/?p=50>

FIGURE 1: Type of closure on 750 ml bottles.



Source: 2010 WBM Closure survey

¹⁹ *Glass best for health and the environment*, 4 June, 2010, Jim George www.packworld.com

²⁰ Ben Bold, *Packaging News*, 01 October 2009

²¹ Josh Brooks, *packagingnews.co.uk*, 26 October 2009

²² Jill Park, *packagingnews.co.uk*, 13 May 2009

²³ Paul McLavin, sales manager of O-I Europe, and chairman of the British Glass Public Affairs Committee

²⁴ Jill Park, *packagingnews.co.uk*, 19 May 2010

²⁵ Amcor Flexibles capsules sales director Bruno de Saizieu



problem then they have to be worth considering.²⁸ In April 2010, Guala Seal Group launched a new tamper-evident closure for wine bottles targeting the wine and spirits markets with a tamper-evident roll-on screw cap.²⁹ The closure incorporates a coloured plastic ring that appears between the bottle neck and the closure once the bottle is opened.

It seems that the growth in popularity of alternatives have shaken cork out of its complacency and has given heed to this wake-up call. The cork industry is fighting back to salvage its position. The cork industry is pressuring winemakers and distributors to stay with cork using a range of arguments ranging from for environmental to social considerations. An example is the 100% Cork Campaign on Facebook that already has more than 15,000 members. Other arguments that the cork movement uses are that cork taint is overhyped and that cork recycling is increasing. Cork can also add an effective premium to bottles. In the US, for example, cork adds on average US\$1.68 added value per bottle. Sainsbury says both types of closure would have to work very hard as there are advantages and disadvantages on both sides.^{30 31} The cork industry insists that a natural cork is the only way to retain the romance and occasion of opening a bottle of wine.

The debate around the strengths and weaknesses of each type of closure will continue with arguments centering on oxygen that gets into the bottle, maturing in the bottle and wine tainting, ease of opening and resealing, and environmental credentials and market perception. Of course, natural cork's trump card is its environmental credentials. According to a lifecycle analysis conducted by PricewaterhouseCoopers (PwC), CO² emissions over the life-

cycle of a screw cap are 24 times higher than that of natural cork. The CO² emissions of a plastic cork are 10 times higher than natural cork. Alternative closures however are convinced that practicality will win out and the screw cap will continue to take market share. Even in the champagne closure domain, cork is no longer the only player. At the LIWF in May 2010 Alcan Packaging Capsules launched the world's first metal champagne closure. It is operated by a lever and retains the iconic 'pop' sound when it is opened.

7. Smaller packages

Another trend that has gained some ground and that is inspired by consumer preference is smaller bottles of wine in order to attract younger consumers and increase the number of drinking occasions. Younger consumers are more used to new and smaller packaging formats. Personal size wine in smaller pack sizes, typically 187ml, is now the fastest-growing trend in the US wine market. Even wine enthusiasts take to the idea since it enables them to try different types of wine during one meal. This trend is not only seen in wine, but in liqueurs and the ready-to-drink sector (RTDs) as well. Interestingly it is matched by the emergence of super size packs in particular in beer for home or outdoor consumption. Branding and better labelling might together with smaller bottles be important opportunities in maturing markets like the UK in order to secure growth.

A CLOSER LOOK AT TRENDS IN MAIN ALTERNATIVE PACKAGING

As the global financial crisis and the sustainability drive consumers to trade down and casts a heavy shadow on manufacturer profit

margins, alternative wine packaging is increasingly coming under the spotlight. The LIWF in May 2010 was a showcase for alternative packaging formats for wine. Pouches, Tetrapaks and cans were all on display. Market insight consultancy Wren and Rowe, found that producers are becoming more open to new formats, even in more traditional markets and drivers of this trend seem to be environmental concerns, transport costs and changes in perceptions.

In South Africa, the young 18 to 34 market has been targeted by producers as a demographic for the alternative packaging segment. This younger target market, which was previously not wine drinking, is increasing especially in Europe (Rexam website, 2009). Pretentiousness, snobbery and tradition in the wine industry will however hamper growth of alternative packaging.

1. Cans

Wine in metal beverage cans has been around for a while, but sales have always been hindered by the low quality of available variants. One of the reasons why wine in



Source: Rexam / Boxal / Barokes

cans is expected to start performing better is because better quality wine are going into cans and better positioning is taking place while they also address sustainability concerns and cost-cutting initiatives and acknowledging the need to cater for younger audiences and individual lifestyle demands.

Following the success of BIB formats and innovative initiatives that range from pouches to mini barrels, can packaging has surfaced as a potential means from which to escape the rising cost of glass bottles. Metal beverage cans are expected to increase their penetration in the wine markets, albeit still only securing a niche following until the end of 2012.

From a taste point of view it is interesting to note the results of a wine-tasting event hosted by Rexam for wine industry leadership May 2010 to test the can format. The blind tasting pitted canned wine against wine from glass bottles to see if the experts could tell the difference. The tasting was split into three sections, white, rosé and red varieties, and for each the tasters were given three wines to try. They were then asked to name their favourite and surprisingly the red wine fares better than the other two varieties. Initially all were sceptical about the market for wine in cans saying that the perception people have of a can is that the content must be low quality. The results surprised some tasters who expected the can to perform better in the white category due to its known properties for keeping drinks cool. The future of cans will however remain uncertain until a big brand adopts the can for wine its image is a substandard packaging method in this area. As yet, no major wine brand has been brave enough to take up the challenge, and cans look unlikely to replace the bottle as the wine industry's packaging standard.

2. Pouches

Drinks pouches have been around since the 1960s, but now the format is taking off as brands strive to bring new ideas to a changing market.³² The merits of pouches together with

30 Director of marketing and communications at cork producer Amorim, Carlos De Jesus

31 Sainsbury's BWS product technologist Barry Dick

32 Simeon Goldstein, *Packaging News*, 01 October 2009
33 Deidre Woollard, *www.luxist.com*, 24 June 2010



the downturn were felt in 2009. Stronger interest from packers is expected to return. In recent years, attitudes towards the SUP have become much more positive as brand owners, retailers and consumers recognise the attractions of this format as a cost-effective, convenient and environmentally superior alternative to rigid packaging.³⁵ The SUP format is however not without its disadvantages



SOURCE: Wikipedia / DTourwine

³⁶ Further information on *The European Market for Stand-Up Pouches* report can be found on PCI's website. The full report costs EUR2,750 (£2,267). <http://www.packagingnews.co.uk/>

and much investment is required in the future in order to bring the entire process up to the higher packing line speeds of the more conventional rigid packaging formats. Compared with more traditional format, SUPs use 80% less packaging weight and are cheaper to store and transport and enable the printing of superior on-pack graphics on larger display areas.³⁶ One of the drawbacks to many pouches is the fact that a multilayer film can be difficult to recycle, but the manufacturers say the big advantage is the low consumption of resource. A pouch could also be squashed to a very small size if it were to end up as landfill.

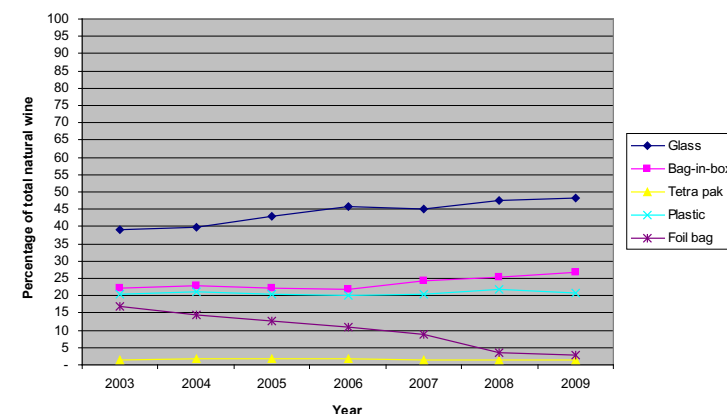
3. Bag-in-box

Bag-in-Box (BIB) wines comprise a strong bladder pack made from food-grade plastic or metallised film filled with wine with a tap encased in a corrugated fibre board box and is sometimes referred to as boxed wine and wine cask. Boxed wines have come a long way from their tentative start, and for worthwhile reasons. Once reserved for cheap

wines, boxes now contain more premium brands. Premium boxes are usually 3 litres (about four bottles). These boxes stay fresh for up to 3 weeks after opening. The concept of wine in a box has almost put its bargain-brand image behind it and with new shapes and sizes has made inroads in various markets including Germany, the US and Australia where up to 70% of Australian wine offered is in BIB. In South Africa there is a significant market share gain in this sector, with more brands and styles available (see figure 2).

The growth in popularity can be attributed to a number of factors including convenience, better quality of wine in the boxes and improved technology to extend their longevity once opened, with wine remaining fresh for around six weeks. It also has an environmentally friendly image, with boxed wine contributing an estimated 85 to 91% reduction of waste to landfills and 55 to 70% less carbon emissions than the production and shipping of traditional glass bottles of equivalent quantity.

FIGURE 2: Domestic packaged wine information: quantity natural and sparkling wine sold in under mentioned containers.



Source: SAWIS, June 2010

³⁴ Ben Bold, *packagingnews.co.uk*, 24 June 2010
³⁵ Paul Gaster, *PCI Films Consulting*



SOURCE: BC Plastics

4. PET

PET continues to gain ground in the wine industry. One of the selling points of PET is carbon footprint. The French Wine Institute in Southern France carried out a life-cycle analysis of the pack and found that a 375ml pack has a carbon footprint of 78g, compared to the glass equivalent which has a carbon footprint of 428g. In January 2010, UK wine merchant Roger Harris Wines (RHW) started targeting two new ranges bottled in multi-layer PET bottles at outdoor consumption and retailers looking to reduce their carbon footprint. RHW said the PET bottles kept the wines fresh for 24 months and are 100% recyclable. They are also 35% lighter than a 465g, 750 ml glass bottle, that the firm said was the equivalent of loading 10,000 more bottles onto a container. Consumers found both ranges were ideal for those wanting to grab a bottle of wine to take home or out and about as they are lighter to carry and they won't break or clank in shopping bags.

New PET bottles provide a complete mechanical barrier to oxygen and taste tests

found no difference between the wine in the PET bottles and in glass. On the shelf, the bottle looks just like glass, yet it won't break and has a recyclable screw cap making it quick and easy to serve and then reseal. Advantages of PET are its recyclables and light weight, while the main disadvantages are the limited shelf life and its unsuitability for long-term maturation and perceptual problems. Together with BIB formats, some wine brands have been shifting to plastic bottles citing convenience and sustainability benefits. However, new research says the advantages of these packages might be coming at the cost of taste. Researchers at the Institute of Vine and Wine Sciences (ISVV) in Bordeaux, France, have found that white wine loses its freshness within six months in PET bottles and BIB packaging, compared with glass packaging. It found that wine starts to oxidise within 6 months. Red wine also fared better in glass bottles during the yearlong testing period. The ISVV study found that the flavour and chemical composition of white wine changed within six months of being packed in single- and multi-layer PET bottles and BIB. The wine, however, remained stable in glass bottles, the study claimed. This study into PET comes at a time when major retailers are looking to PET bottles as a lightweight alternative to glass and are guaranteeing a shelf life of up to 12 months. Marks & Spencer (M&S) recently launched a range of 19 wines in mini 250 ml multi-layer PET bottles, saying that the wines are guaranteed to stay fresh for 12 months. PET manufacturers guarantee a shelf-life of up to 24 months. In South Africa, PET has not gained any market share in the period 2003 to 2009.

5. Tetra Prisma

Tetrapaks have been around for some years and novelty and pricing are still driving sales.



SOURCE: Tetrapak

Tetrapak containers are lighter and less fragile than bottles and ideal for the outdoors. They come in manageable sizes and reseal easily. Transporting Tetra products significantly reduces carbon dioxide emissions and saves on transport costs and in particular fuel. From the consumer's perspective, they are durable and shatterproof, portable, easy to stack in the fridge, especially those with screw caps and offer value for money. There is less chance of taint, as compared to wine bottled with a natural cork. The contents have a shelf life of up to 12 months.

Later generation Tetrapaks such as the Tetra Prisma comprise of more paper making them a more renewable resource than glass. It is shatter proof and features the latest screw cap technology. In South Africa, Tetrapaks have not gained any noticeable market share over the period 2003 to 2009 (see figure 2) and remains at less than 2% of the total natural and sparkling wine sold in South Africa. In terms of size, 1l is, by far the most popular, followed by larger sizes i.e. 1.5l containers. Wine exported from South Africa in Tetra Pak cartons to international markets decreased slightly between 2007 and 2008. However, wines in cartons are gaining some popularity

internationally, with wines in Tetra Pak cartons growing by 48% in 2008 in the US. Probably the largest disadvantage is its image of containing entry-level or poor quality wine.

CONCLUSION

It is clear from the research into trends in the packaging industry that there are three clear drivers namely the economy, sustainability and consumer concerns. These drivers impact on a number of trends that currently characterise the industry. These trends were discussed in this report. It is also clear from the research that packaging remains a fast evolving industry and that the traditional ways of presenting wine and drinks, although still by far the favourite, will have to innovate to compete en fend off the strong incumbent alternative packaging formats.



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