AMI

Latest trends and developments in the global flexible packaging industry

In conversation with Jonathan Fowle

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Jonathan Fowle, Packaging Consultant

Jonathan Fowle is a leading expert in flexible packaging industry, with more than 25 years at senior management level, including Group Innovation Director at Amcor. For the past 17 years, he has worked across the globe with several leading converters on strategic, operational and commercial issues.

Jonathan is partnering with AMI to offer added-value insights into Sustainability in Flexible Packaging conversion. He has spoken to us about the latest trends and developments taking place within the flexible packaging industry worldwide.

AMI: Plastic packaging has received much negative press in recent years but has seen a spike in demand during the coronavirus pandemic, as people's food purchases have focused on packaged and longer shelf-life products. Do you think people's perceptions of the value of flexible packaging will change after coronavirus?

JF: Sales of rice, flour, sugar, biscuits and confectionery have increased significantly. Non-food items, such as toilet rolls and wet wipes have also been on the rise. Consequently, plastic waste in the home has increased. Consumers will see on the reverse of most flexible plastic packs that they are not currently recyclable or recyclable 'where conditions exist'. Hardly a ringing endorsement of sustainability.

I think consumers will better understand the role of plastic in preserving food. However, the perception will only become more favourable when there is an established system of collecting, sorting and recovering post-consumer waste.

AMI: You work with packaging convertors predominantly. What are the main trends / developments taking place within the convertor industry?

JF: Clearly, all converters have sustainability on the agenda. The major players try to reassure stakeholders by measuring and reporting on their efforts to reduce energy consumption, water usage, CO2 emissions and waste to landfill. Future recycling commitments are also prevalent.

Converters are continually increasing the number of converting activities they do themselves inhouse, such as metallisation and barrier coextrusion, which used to be a specialised film manufacturer sub-division. Lots of converters now undertake metallisation and are thus eating into the lunch of film manufacturers.

Gravure to Flexo printing is continuing apace, especially in the Indian subcontinent. Flexo and digital printing are increasing in popularity.

M & A activity is continuing with the major players increasingly buying businesses outside the mature Western European market. A recent example is Coveris's acquisition of a Hungarian flexible packaging business.

Increasing hardware productive time, especially on printing presses, is constantly on the agenda. Reducing set up and down times have been facilitated by more user-friendly gravure and flexo presses.

AMI: How do you think the converting industry landscape might look like in 10 years' time?

JF: There will be fewer players, the trend of consolidation continuing. The big guns will continue to gobble up competitors, sometimes the deals may be surprisingly large, such as Amcor buying Bemis. Medium size converters will survive provided they have a distinctive offering. Smaller companies can thrive if they have a strong enough balance sheet and are sufficiently nimble.

We may see rigid packaging companies trying to get involved with flexible packaging, just as the Spanish group SAICA has done.

Private equity has increasingly occupied the space. Constantia, Clondalkin, Coveris, Schur, Korozo are all within their grip. A growing market with generally decent cash flow has been the attraction. Let us see their appetite once this pandemic has run its course. Once this pandemic is over, will there still be this transition from foodservice to eating at home?

Globalisation will be reassessed. America has become more introverted, the European Union is in danger of fragmenting. Regional focus will come more to the fore, compressing the geographic supply chain. People are becoming more inward looking, questioning whether they want to/need to purchase from the other side of the world and therefore regional manufacturing operations are being established. There is concern about distance, transport costs, the robustness of the supply chain and concern about the security of future global packaging supply.

We may see an increase in supply chain service provision, such as contract packing. Keeping the manufacture of packaging and its wrapped equivalent under one roof could provide safety reassurance, especially in respect of potential contamination. We may even see a return to "hole in the wall" activities. Many decades ago Lawson Mardon collaborated with Nestle to provide chocolate wrapping next door in the UK.

AMI: Packaging convertors appear to be vying for position of leading sustainable packaging company – do you agree? Do you see any company doing sustainability particularly well and why?

JF: There is a beauty contest going on. A lot of commitments have been made about recycled content within the next few years. How this will be achieved at an economic cost is another matter.

There is too little emphasis on the total supply chain, I suppose because the whole picture cannot readily be conveyed to the general public in an easily understandable way. Where and how are raw materials used, how are they transformed and what is the final route to the customer.

Sustainability is a complex subject, you need scientific facts, not greenwash. The big converters have the resources to measure key parameters and generally do so very well. It would be helpful to have an agreed methodology for Life Cycle Analysis so that we always compare apples with apples.

AMI: Did you see companies having to / being willing to compromise in order to be more sustainable?

JF: Adaptation and compromise is an essential part of a converter's DNA.

Legislation has meant changes to many elements of production and will continue to do so.

Sending waste to landfill is no longer acceptable. This means the necessity of more stringent quality control and in line detection systems. The compromise means more investment cost.

The compromise for converters will be to stop development work on alternatives with some breathing a large sigh of relief. All this means it is probable that the current crisis will delay the onset of more sustainable solutions. When the underlying climate alters, converters will have to refocus on sustainable offerings, maybe with the compromise of lower, long term profitability.

AMI: With sustainability dominating the packaging agenda currently, what might be the next big thing the industry will focus on?

JF: Covid 19 will change behaviour in a number of ways. Some that have never used online shopping before have come to depend upon it. Nielsen forecasts that 70% of consumers globally will do their grocery shopping online by 2024.

Refrigerated foods, such as fresh cut produce and cooked meats, must have packaging which provides greater assurance about freshness and pack integrity during transit.

If there is limited retailer footfall how will brand owners be able to convince consumers to buy? There will be a challenge to offer more compelling images via the Internet.

Holograms and embossing may become popular. Perhaps tactile finishes to interest the consumer on delivery of the pack.

Food safety will assume more importance as consumers reflect and raise their sense of well-being. Packaging safety will necessarily go hand in hand.

Food waste will be higher on the agenda, as many families will try to eke out an existence with lower incomes. Expect shelf life requirements to increase and more developments in modified atmosphere packaging.

The whole supply chain will have to adapt to some radical changes in consumer values.

AMI: Does what customers look for in terms of innovation differ company to company or remain broadly similar? Does innovation tend to be customer driven?

JF: All companies are different. They all want sustainability yet few have a clear idea what this actually means. Large brand owners are obliged to be proactive about the environment. Some, such as Unilever, are consistent in their approach and have invested in recycling infrastructure.

Successful product innovation depends upon consumers being willing to accept and pay for what you have developed. Innovation doesn't have to be brand new, it can simply be a product modification or finding a new market application for an existing product. It can also be a service, such as finding a way to bring products to market faster.

The key to good innovation is insight. Too few packaging companies spend enough on understanding what makes consumers come alive. There is too much reliance on brand owners and retailers.

AMI: Which areas of smart packaging do you think hold the most promise for long term commercial success in flexibles?

JF: Consumer sensors which provide information, well-being and an experience will become popular. We have all become accustomed to a regime of sanitising and cleaning, even packaged items brought into the home. Reassurance about touching plastic and potential transmission risks is unlikely to go away. Packaged medical instruments are fully sterilised. Some lateral thinking and collaboration at the end of the supply chain will be required concerning packaged foods.

Work on oxygen indicators, activated by UV light, to show tamper evidence in Modified Atmosphere Packs could be accelerated.

Modified interactive packaging, offering anti-bacterial and anti-viral properties, could be interesting. For instance, Aptar has recently launched "Invisishield", an active packaging solution for pathogen mitigation. There is also a claim of reducing cross contamination within the pack, effective against the most common food borne pathogens, such as E. coli, salmonella and listeria.

There will be more download apps which give detailed information about ingredients, calories, portion guidelines and usage dates. Part of this is driven by legislation which is now at a level which swamps small packs with text.

AMI: What are the biggest barriers to innovation in flexible packaging?

JF: Effective innovation needs a sufficiently robust, though not bureaucratic, process. Sometimes the leap is too fast from concept to commercialisation without enough proof of principle. There may be too many projects, leading to a lack of focus. Insufficient commitment from top management, the R & D budget being one of the first to be reduced when the going gets tough. Sometimes manufacturing capacity is stretched, meaning that important trials get delayed. Scale can be important, particularly dedicated personnel and testing facilities.

This can be mitigated with a genuine company culture of innovation. Nominated R & D personnel tend to get dragged into production problems from time to time. Finally, creating enough good ideas is probably the biggest challenge.

AMI: From your experience, what changes /improvements in material, equipment or process would make life easier for packaging convertors?

JF: Conversion is a mature industry, established more than 50 years ago. Lasting improvements tend to be gradual, not revolutionary.

The approval process for raw materials is necessarily long. For large projects capital expenditure approval processes may be lengthy and lead times for major equipment may extend to several months. Hardware, especially for gravure printing, has become more lightweight and user friendly. Changing ink trolleys and print cylinders is no longer a back breaking exercise. Automatic in line quality defect systems have become the norm on printing presses. A more widespread application across the whole conversion spectrum would be helpful.

Printing, lamination and slitting are all reel-to-reel processes. Larger diameter reels would improve efficiency though at the expense of more difficult handling.

The overriding consideration for any change ought to be the health and safety of employees.

AMI: Where is the future growth coming from? What should film extruders and convertors be doing to ensure their long-term success?

JF: In the current very uncertain climate conserving cash must be a priority. Whilst industry participants may presently be very busy it may not last too long. So,

- Think deeply about the challenges of e commerce.
- Be absolutely clear about your sustainability strategy, keep it as simple as possible.
- Locate as close as possible to your key customers.
- Set annual revenue and profit targets for newly launched products and services.
- Understand deeply the expectations of your clients and consumers. Don't be afraid of doing feedback surveys.

AMI

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