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PACKAGING STRATEGIES®

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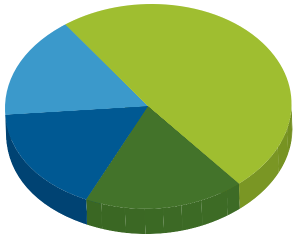
Volume 29, No. 5
March 15, 2011

Unbiased global packaging intelligence and analysis

Machine Momentum
World packaging machinery demand, through 2014
(total size; $35.9bn)



49% - Asia-Pacific
18% - Western Europe
17% - North America
16% - Other regions

Source: Freedonia Group

IN THIS ISSUE

2011 PACKAGE DESIGN AND DEVELOPMENT SUMMIT COVERAGE

THE CUSTOMER COMES FIRST

PACKAGE DESIGN & Development Summit

Presenters at the **2011 Package Design and Development Summit** attempted to construct a metaphorical bridge – one that connects the brand to the package.

As noted by many speakers at this event, there sometimes can be a strong disconnect between the package and product, one that leads to packaging that is unrelated to the brand message. But the packaging industry can take a strong cue from brand owners – start with consumers when developing the package and seek constant feedback.

That was certainly the case in the collaborative process involved in the development of the *Coors Light Cold Activated* can, one of the most-recognized beverage containers on the U.S. market. In an engaging keynote address at the Summit, Steve Lannon, director of marketing, innovations, for **MillerCoors**, said the best packaging ideas must be intuitive and driven by consumer insight, while dramatizing a different point of view than the competition.

Harry Epstein of HAVI Global Solutions emphasized the need for belonging and personal experience by consumers when developing a package.

"If you're not confident to market your idea properly, it's probably not a good idea," Lannon emphasized. "You must go after multiple features and benefits of innovation and bring that to life [for consumers]."

The idea that packaging is sometimes disconnected from the product was presented in many ways at this emerging, buzzworthy event, held March 1-3 in St. Petersburg, FL. Harry Epstein, vice president of **HAVI Global Solutions** (a leading developer of foodservice and consumer goods packaging), explained in another keynote address that consumers want to be perceived as unique individuals worthy of the brands, and packaging must communicate that.

"They have a concept of 'me' that must be imparted by the package," he said.

More from this key development event will be offered in the March 31 issue.

Packaging Strategies' Perspective: *The consumer and the use cannot be forgotten in package development. There are a diversity of approaches to that, however: Some, such as Epstein, advocated an organized, strategic strategy to reach the consumer, including a checklist of goals, while Lannon said that intuition is as important as research.* PS

2ND OPINION

The Wild Children of Packaging

"Is package development an unruly child breaking the rules and seeking the approval of consumer parents?" Joseph Pryweller, Packaging Strategies

It was a session crackling with energy, even among the skeptical.

It was a session that also reminded attendees at the recent **Package Design and Development Summit** of the nature of good ideas – that they do not always come from focus groups, although they can be helpful, or consumer research, although that is valuable, or from a carefully crafted checklist, although that can help keep one organized and on track.

At a conference brimming with higher-minded ideas about how to derive innovation and what rocks it may be found under, a grouping of emerging – but not yet entirely prime time – companies on the second time of the conference brought some electricity to the stage, like Lady Gaga at a piano recital. The conference was held March 1-3 in St. Petersburg, FL, and managed by **Packaging Strategies**.

First, the setup. A group of speakers on the conference's first day brought necessary reminders about the need for structure, unity, collaboration, and a focus on consumer values when developing new packaging. There was the idea, from Jack Gordon, ceo of **AcuPOLL Precision Research**, that packaging should highlight a consumer insight and communicate a concept, effectively "minding the gap" between packaging and the consumer.

And there was Steve Kazanjian, global creative director of **MeadWestvaco**, reminding attendees that the in-home experience is as important to the package as is the on-shelf experience. He quoted A.J. Lafley, former chairman, ceo and president of **Procter & Gamble**, who said that "consumers have become more demanding" and mentioned the rise of the consumer boss.

But then you had the "yang" to the ying of those ideas. On the following morning, a group of emerging companies brought those concepts from the stratosphere to the soil. Literally, in one case: Sam Harrington of **Ecovative Design** brought a growing organism into the room, mushroom roots (or mycelium) that were being grown and then harvested to provide protective packaging. His fungi-based package, called *EcoCradle*, is already being used by **Steelcase Inc**. for ready-to-assemble furniture.

There was Jason Foster, ceo of **Replenish Bottling Co.**, talking about a refillable bottle of household cleaner that uses a detachable pod at the base to add soap. Foster took design to task for thinking too narrowly about eco-efficiency and not enough about waste and reuse. "Cradle to cradle was our lighthouse," he said. He ended with an invigorating 'yes, we can."

There was a lot more – including **Heat Genie**, a solid-state, self-heating technology pre-installed on metal cans that activates a heating element with a push of a button. "Busy lives demand convenience," said Heat Genie ceo Gary Forni. And there was **NEX Performance Films**, offering an *Aroma Burst* scent in its film that accents the product.

But the question lingers after the event – is package development a scientific, step-by-step, well-mannered process or an unruly child breaking the rules and seeking the approval of consumer parents? It is both, and it can be vital if done right. PS

Joseph Pryweller is editor/conference director of Packaging Strategies.

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Packaging Strategies
600 Willowbrook Lane, Suite 610
West Chester, PA 19382-4550, U.S.A.
Tel: 1-610-436-4220
1-800-524-PACK (7225)
Fax: 1-610-436-6277
BNP Media Corporate: 1-248-244-6400
E-mail: editors@packstrat.com

Group Publisher - Packaging. . . . Michael Barr
Editor/Conference Director . . . . Joe Pryweller
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Production Editor . . . . Sarah Zagacki
Senior Writer. . . . . Cindy Dubin

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THE PACKAGING CONFERENCE OFFERS PET VISIONS OF THE FUTURE

The recent **2011 Packaging Conference** in Las Vegas highlighted new developments as well as the longer-term trends and issues influencing the PET packaging industry.

PTI's Deep Grip technology offers an integrated handle on a PET container.

It should be noted that in spite of the conference organizers' admirable intent to be material and format agnostic, this was, in fact, a PET packaging conference. The scheduled presentation on the future of sustainable glass was withdrawn at the last moment; and the two presentations on flexible packaging which spoke to the superior logistics and sustainability of this packaging format, were overwhelmed by the remaining 23 speakers who focused on PET.

INDUSTRY TRENDS AND ISSUES

Keynote speaker Anne Roulin, the global head of packaging and design for **Nestle**, identified four primary factors **Nestle** takes into account when developing innovative market-appropriate packaging.

Anne Roulin of Nestle offered a view of biopolymers that went beyond corn-based materials.

First, Roulin cited expanding concentration and influence of large retail organizations, as illustrated by the significant worldwide growth of private label products. The challenge for consumer packaged goods (CPG) companies such as Nestle is to maintain its direct relations with the consumer. Nestle has adopted three strategic solutions: (a) greater reliance on DSD (direct store delivery sales), (b) the development of unique specialty distribution channels (e.g., veterinary products) dealing directly with in-store customers and (c) increasing reliance on e-commerce which also deals directly with customers.

Roulin then discussed the polarization of consumers, obligating Nestle to develop distinct products and packaging for "premium, mainstream" and "emerging" demographics.

The third significant aspect was that of sustainability. But Roulin emphasized the tools adopted by Nestle to consider "the holistic nature of the entire distribution system" rather than concentrating on any single aspect of it.

Finally, Roulin addressed the growing interest in renewable resources and the prospective use of biopolymers for packaging. She made the surprisingly aggressive suggestion that the "third stage" of biopolymer development, in which conventional plastics (rather than unique biopolymers such as polylactic acid) will be produced from non-food sources such as algae rather than corn. Those biopolymers will be commonly available and in use throughout Nestle's system by 2015.

HANDLED BOTTLE DEVELOPMENTS

Among the most interesting new developments presented at The Packaging Conference were alternative approaches to PET handleware. One new technology was the proprietary "Deep Grip" concept from **Plastic Technologies Inc.** (PTI) and **Sidel.**

The *Deep Grip* PET bottle is made in two separate steps in a single, modified stretch blow molding (SBM) machine. The first blow station produces an oriented container with an extended protrusion on one side. A second "Conforming Station" compresses (or cold forms) the protruding portion of the bottle from both sides so that it becomes a thin hollow portion, leaving the wider periphery of the protruding part connected to the major portion of the bottle at its top and bottom. (No scrap is generated during the cold forming process.)

The outer circumference can now be gripped as though it were a standard hollow handle although one's fingers cannot, in fact, pass through the "opening" because the thin hollow connecting web obstructs such passage.

Packaging Strategies Perspective: *New handleware applications for PET offer some advantages over non-plastic containers.* PS

This article was written by Gordon Bockner, president of ***Business Development Associates****, Bethesda, MD.*

PACKAGING STRATEGIES Annual Performance Review

A BRIGHTER SALES AND EARNINGS PICTURE WITH SOME TREPIDATION FOR THE YEAR AHEAD

It was telling in the FY10 earnings reports from packaging converters that so many of them used terms such as “transformation” or “return” or “renewal.” Others said that, especially compared to the great dismal swamp that was 2009 for some companies, FY10 brought record changes to year-to-year sales and earnings per share dollars.

But our annual survey of the leading U.S.-based packaging converters and their FY10 earnings showed some other interesting facets to those diamond-studded reports. For one, many of the companies took a cautious view of 2010, as expected, even with positive results last year. Especially for fiber-based and resin-based companies that needed to buy those raw materials, there was concern that an uptick in prices for those feedstocks could keep earnings at bay somewhat.

The consumer market also is still a bit befuddling. While demand for many consumer packaged goods returned last year, it it still not quite at the level of its former glory. With economist predictions on that return still a bit cloudy, those demand levels are a sound debate topic.

With that said, many packaging converters offered solid fundamentals for growth and a positive change of course last year.

Here, then is our annual Performance Review of packaging converters. Look for our review of packaging-based brand owner companies in the March 31 issue. PS

The Editors

The Average

As with last year, we calculated the average sales, earnings, and stock prices for 16 of the top packaging converters based in the United States. Sales were up considerably but earnings could use improvement.

(sales and earnings results in $mn)

FY10 Average Sales	$5,677.6
Change vs. FY09	7.9%
FY10 Average Net Income	$195.8
Change vs. FY09	(12.4)
FY10 Average Profit Margin	3.4%
FY09 Average Profit Margin	4.2%
Average Change in Stock Price, FY10*	30.8%
Average Change in Stock Price, FY09**	132%

*From Feb. 23, 2010 to Feb. 25, 2011
** From Feb. 23, 2009 to Feb. 23, 2010

Source: Packaging Strategies

Company Name	FY10 Sales ($mn)	FY10 Earnings ($mn)	2010 EPS	2/25/11 Share Price	*Packaging Strategies Perspective*
Paper and Paperboard Packaging					
Graphic Packaging	$4,095.0	$10.7	$0.03	$5.05	*“Although end-consumer demand remained soft for food and beverage items, we produced and sold more tons than a year ago… I’m pleased with the progress we made in 2010 toward deleveraging our balance sheet and improving our margins and credit profile.”* **David Scheible, ceo**
% Change vs. FY09	(0.02)	(81.0)	(81.25)	46.4+	**2011 Outlook:** Net income was negatively affected by the extinguishment of debt, a factor that enhanced the company’s credit rating and its leverage. While sales were flat, continuing consumer spending should help the company inch up this year, and it should have more cash to spend.
+ vs. 2/23/10	GRAPHIC PACKAGING				
International Paper	$25,179	$644	$1.48	$28.08	*“International Paper performed well during 2010, a year of transition from recession to global economic growth. We expect to further build on our strong earnings and free cash flow momentum in 2011.”* **John Faraci, chairman/ceo**
% Change vs. FY09	7.7	(2.9)	(4.5)	17.0+	**2011 Outlook:** A fair year in 2010, with sales up but earnings off slightly in 2010. One concern is IP’s consumer packaging segment, with seasonally low sales volumes and higher planned maintenance outages for coated paperboard plants starting in 4Q10. But with global economic growth expected, as Faraci stated, sales and earnings could both show gains this year.
+ vs. 2/23/10	INTERNATIONAL PAPER				
MeadWestvaco	$5,406	$106	$0.62	$29.71	*“We have transformed MWV into a company that is generating significantly higher returns on a consistent basis, and we’ve seen that reflected in our operating performance over the course of 2010.”* **John A. Luke, Jr., chairman/ceo**
% Change vs. FY09	5.3	(53.0)	(52.3)	26.7+	**2011 Outlook:** Although it doesn’t show above, the company generated record earnings for continuing operations in 2010, with the income decline coming with the writeoff of discontinued operations. The packaging segments are especially strong, up 38% for FY10. The company expects to expand upward earnings trends early in FY11 due to strengthening demand and growth in emerging markets.
+ vs. 2/23/10	MWV MEADWESTVACO				

Company Name	FY09 Sales ($mn)	FY09 Earnings ($mn)	2009 EPS	2/23/10 Share Price	*Packaging Strategies Perspective*
Packaging Corp.	$2,435.6	$205.4	$2.00	$29.08	*"We had another outstanding quarter driven by record corrugated product shipments, strong outside containerboard sales, and highly productive and efficient mill operations."* **Mark W. Kowlzan, ceo** **2011 Outlook:** The company is being a bit cautious in 2011, concerned about higher fiber and energy costs associated with the cold weather and working through some maintenance outages at several mills. But with volumes returning to levels similar to that before the economic downturn, the company is optimistic for a healthy year.
% Change vs. FY09	13.4	(22.7)	(23.1)	24.6+	
+ vs. 2/23/10					
Rock-Tenn	$3,001.4	$230.7	$5.70	$69.50	*"Overall demand continued to be strong early in the December quarter and we believe that if current demand and recycled fiber costs continue at current levels throughout the fiscal year, adjusted earnings in fiscal 2011 will exceed adjusted earnings in fiscal 2010."* **James Rubright, chairman/ceo** **2011 Outlook:** Any outlook for Rock-Tenn in 2011 will be adjusted by the possibility of a major purchase agreed upon in January: that of Smurfit-Stone Container for $3.5bn, creating a $9bn paperboard packaging giant. The company's figures across the board were among the strongest in its packaging segment in FY10, but questions will be asked how quickly the Smurfit-Stone acquisition can be digested and integrated.
% Change vs. FY09	6.7	2.1	(0.17)	14.1+	
+ vs. 2/23/10					
Temple-Inland	$3,153	$168	$1.52	$23.84	*"As we enter 2011, the economy appears to be re-accelerating, corrugated packaging fundamentals are solid, Box Plant Transformation II is on schedule …. we are positioned to continue to generate returns well above our cost of capital in corrugated packaging."* **Doyle R. Simons, chairman/ceo** **2011 Outlook:** While overall income was down almost 20%, Temple-Inland's corrugated packaging operation cannot be blamed; the segment's operating income of 16.5% matched its record in FY09. While building products has brought down overall numbers, the company must balance high volumes and prices with the expected higher input costs.
% Change vs. FY09	5.1	(18.8)	(19.6)	29.9+	
+ vs. 2/23/10					
Flexible Packaging					
Bemis	$4,835.0	$211.5	$1.83	$32.65	*"We successfully integrated the largest acquisition in our history and reported strong cash flows from operations. Our business teams are using our now larger technology platform to expand our customer relationships and commercialize new product opportunities."* **Henry Theisen, president/ceo** **2011 Outlook:** With the purchase of Alcan Food Packaging Americas in March 2010, Bemis has worked diligently to integrate project teams and technologies. Not that the process is largely completed, the company expects double-digit earnings growth in FY11, even with some pressure from increasing material costs.
% Change vs. FY09	37.6	38.7	32.6	15.9+	
+ vs. 2/23/10					
Sealed Air	$4,490.1	$255.9	$1.44	$27.45	*"I am pleased with the good volume momentum that our businesses achieved in all regions this year, resulting in solid fourth quarter volume performance. During the year, we remained focused on growth by successfully launching over 55 new solutions, including expanding our service-based offerings, and by completing four early-stage strategic investments."* **William Hickey, president/ceo** **2011 Outlook:** The company is expecting conservative dollar sales growth of 5-7% in FY11, based on the modest economic recovery. Hickey noted that a low-to-mid single-digit percent increase in resin prices is expected. The company continues to expand its global footprint and offer strong new product offerings, helping it draw closer to its goal of achieving a 15% operating margin.
% Change vs. FY09	5.8	4.7	6.7	36.6+	
+ vs. 2/23/10					
Sonoco	$4,124.1	$201.5	$1.96	$35.97	*"Entering 2011, we are firmly back on track and ready to grow. We remain focused on meeting our long-term growth goals while improving returns to our shareholders."* **Harris DeLoach, chairman/ceo** **2011 Outlook:** DeLoach called 2010 a turnaround year, with sales up close to 15% and income almost 30%. The company also has purchased several midsized companies that could continue to make an impact on sales. The company is projecting base earnings growth in 2011 of about 10%, similar to the growth rate that Sonoco experienced while coming out of the last recessionary period.
% Change vs. FY09	14.6	29.9	30.7	22.1+	
+ vs. 2/23/10					
Aptar Group	$2,076.7	$173.6	$2.48	$48.04	*"This proved to be an exceptional year for our company especially after following one of the most challenging years in our history."* **Peter Pfeiffer, president/ceo** **2011 Outlook:** Another major turnaround story in packaging in 2010 occurred at Aptar Group, as the company was hurt in 2009 by difficult earnings in its beauty, home, and closures businesses. With that said, the company expects more normalized earnings in 2011.
% Change vs. FY09	12.8	39.3	38.5	26.2+	
+ vs. 2/23/10					

Company Name	FY09 Sales ($mn)	FY09 Earnings ($mn)	2009 EPS	2/23/10 Share Price	*Packaging Strategies Perspective*
Rigid Packaging					
Ball	$7,630.0	$468.0	$5.10	$73.95	*"Excellent operating performance, the consolidation of our Brazilian joint venture into our financial results, continued growth in emerging markets and strong aerospace program performance all contributed to the significant improvement in results,"* **John Hayes, president/ceo**
% Change vs. FY09	13.7	20.6	25.0	41.4+	
+ vs. 2/23/10					**2011 Outlook:** After a nice year in 2010, the company is continuing its path to invest in organic and emerging market opportunities. The company expects earnings in FY11 to exceed that of last year, while growing its global beverage can business and further developing its metal food and household products operations.
Berry Plastics	$4,257	(68)	N/A	N/A	Sales increases reflect the acquisitions of Pliant and Superfos last year, purchases that brought Berry into new markets and broadened its exposure to technologies in flexible packaging to complement its core rigid containers. However, there was debt associated with the acquisitions that affected earnings results.
% Change vs. FY09	33.6	N/A	N/A	N/A	
+ vs. 2/23/10					**2011 Outlook:** Faced by higher resin costs and businesses that need to be integrated into a broad organization, the company certainly has challenges. A top executive change is also one of them. However, Pliant and Superfos both bring more name recognition to the company that can only help it add business while it focuses on cost efficiencies.
Crown Holdings	$7,941	$324	$2.00	$38.51	*"As we look out over the next five years, we believe new growth opportunities will continue to arise. In pursuing these opportunities, we remain committed to conservative deployment of capital by growing with our customers to meet long term demand in promising emerging markets."* **John Conway, chairman/ceo**
% Change vs. FY09	0.04	(3.0)	(2.9)	47.9+	
+ vs. 2/23/10					**2011 Outlook:** A flat year for earnings results belies the fact the Crown keeps moving into emerging markets for expansion and has three new plants and four line additions in line for FY11, as well as four more plants scheduled for 2012. The company will continue to place its conservative capital into emerging markets and take advantage of global growth trends in beverage and food cans.
Graham Packaging	$2,512.7	$61.8	$0.89	$17.40	*"We have had a terrific year at Graham that began with our [initial public offering] in February, continued with the establishment of operations in Asia and the acquisition of Liquid Container, and culminated with the delivery of solid financial results."* **Mark Burgess, ceo**
% Change vs. FY09	10.6	333.5	102.3	69.6	
+ vs. 2/23/10					**2011 Outlook:** It was a busy year for Graham Packaging last year, with the aforementioned IPO and major expansion. The company also plans to retire more debt and continue to free up cash for more expansion, while growing volumes for its core plastics containers. One challenge is that of volume declines in its core PET business in the fourth quarter, but it is moving to new materials and areas.
Silgan	$3,071.5	$144.6	$1.89	$36.78+	*"We positioned the Company for double-digit growth in earnings per share through the deployment of capital for strategic acquisitions, share buybacks, organic investments and the redemption of higher cost debt… While 2010 was another record year for Silgan, we anticipate continued improvements in each of our businesses and accelerated earnings growth for 2011."* **Tony Allott, president/ceo**
% Change vs. FY09	0.15	(9.3)	(8.7)	31.3	
+ vs. 2/23/10					**2011 Outlook:** Resin pricing volatility led to some challenges in FY10 in Silgan's closures and plastic container business, while its metal food container operation improved profitability and margins. The acquisition of Vogel & Noot gives Silgan a much larger overseas presence, and the company is counting on more pass-throughs of resin pricing to support enhanced profitability.
Glass Packaging					
Owens-Illinois	$6,633	(5)	(0.28)	$30.47+	*"Our improved segment operating profit over 2009 reflected excellent profitable growth in South America and the success of our strategic footprint alignment efforts… Collectively, these investments expand our access to new markets and customers, and they position us well for future growth."* **Al Stroucken, chairman/ceo**
% Change vs. FY09	(0.29)	(97.5)	(77.2)	8.7	
+ vs. 2/23/10					**2011 Outlook:** Results were mixed for O-I in FY10, with earnings taking a hit from debt and asbestos repayment but operating profits boosted from FY09. The company is making major moves into South America and Asia Pacific and is counting on shipments of glass containers improving more than they did in FY10, when shipments only were up 2% from the year before.

CELL PHONES AND PACKAGING HOOK UP ON BOTTLES FROM AC GOLDEN BREWING

Gone are the days when television, print, and radio advertising was enough to draw in customers. In the last decade, it has become more common to record or Tivo a television show and fast forward through those pesky commercials.

As a result, brand managers have had to seek out alternative ways of reaching the consumer. For many, that is through interactive media, like cell phones.

So, it was a no-brainer for **AC Golden Brewing Company** to rely on cell phone technology to reach consumers of its beer, *Colorado Native Lager*. "We wanted to reach our target consumer – men in the 21-40 year old range – where they live and that's on their cell phone," explained Glenn Knippenberg, president and co-founder of AC Golden Brewing. The brewer achieved that by using *SnapTags*.

New bottles of Colorado Native Lager feature interactive labels that can download a message to a cell phone.

Developed over the course of five years, and launched in 2008, the *SnapTag* was created by **SpyderLynk**, a marketing technology company in Denver. The purpose was to make brand logos interactive, said Jane McPherson, chief marketing officer for SpyderLynk. Basically, the consumer snaps a photo of the *SnapTag*, which is located somewhere on the package. *SnapTag* is a graphical image and can be the brand's logo or icon. The image is sent to the designated number or email address that appears on the label. Upon receipt, the *SnapTag* is decoded by SpyderLynk and a video, message, content, or link is returned to the consumer's phone.

Knippenberg said that old-fashioned media advertising presented the consumer a monologue of information, whereas *SnapTag* facilitates a dialogue. "We can learn things about our customer to tailor our marketing efforts and enhance their lifestyle," he said. For instance, by asking the consumer if they enjoy winter sports, and which ones, AC Golden Brewing can make future advertising and sponsorship decisions. "We might decide to sponsor a snowboarding contest, for instance, if we find that most of our consumers enjoy that sport," Knippenberg said.

By using its packaging as an advertising and marketing tool, Knippenberg is convinced that its new *SnapTag* campaign will benefit the brewer and its customers. As a matter of fact, AC Golden Brewing and SpyderLynk were recently honored by the **Denver Ad Club** for the promotional campaign, which launched last spring. **Bud Light** and **Coca-Cola** brands have also deployed *SnapTag* within the last year.

Packaging Strategies Perspective: *There is an emerging need of brand marketers to have a targeted and interactive dialogue with their consumer. For many, the product's packaging is facilitating this dialogue.* PS

MULTICHANNEL MERCHANTS USE FLEX AND FORM PEANUTS FOR PACKING

StarchTech 'peanuts' replace polystyrene with a flexible, starch-based alternative.

Over the past ten years, **StarchTech** has established itself as a manufacturer of resin for starch-based packaging material, working extensively with packaging distributors worldwide to provide a product for them to resell into the marketplace.

"However, we also saw a need for companies, typically multichannel merchants, using large volumes of packaging material, to be able to control their resources and reduce their costs," said Dean Bartels, general manager at StarchTech. In response to that need, StarchTech will now offer its existing *EcoSystem Packaging Solution* to these merchants as a sustainable package that lowers transportation and handling costs.

Although no two distribution scenarios are the same, there are some universal issues that most multichannel merchants need to address, such as speed of the packing lines, ability to pack products of many sizes and shapes, quality cushioning, and cost of product. Packing peanuts have a long history of being used to address these issues. "StarchTech peanuts are designed to flex and form around the item, solidly cushioning it; not snapping

StarchTech continues on the bottom of Page 8

HISTORIC BRAND WAXES ANEW WITH OVERCAP CHANGE

When **Turtle Wax** decided to update its packaging, there was a lot of anxiety about the company's flagship product: *Turtle Wax Super Hard Shell*. It was essential to retain the basic look of the world's leading car wax to avoid alienating the brand's loyal base, but product managers also wanted a contemporized aesthetic along with improvements to the original package's functionality and merchandising.

As Scott Jost, vp of innovation and design for **Berlin Packaging**, told it, the 30-plus-year-old packaging system featured an injection molded lid, a sponge, and a thermoformed overcap. When users removed the overcap, it was sometimes too tight and inadvertently removed the primary cap, resulting in product spillage. At other times, the overcap was too loose, would separate from the container, and the sponge would get lost at retail. Finally, the outgoing round package had no true front or back, so properly orienting the containers (or not) was left to the discretion of individual store clerks.

While a redesign appeared necessary, doing so required walking a tightrope. "We had to be cognizant of the core loyalists who have a history with the product, while proposing design solutions that would appeal to a growing market of new customers," Jost said. To do this, Berlin undertook ethnographic research, documenting every user interaction from point of sale, to product storage, to usage and disposal.

The result was a design solution that improved stackability on the retail shelf while lowering freight costs by enabling greater pallet efficiencies. A friction-fitted yellow overcap that resembles a turtle shell includes two earflaps debossed with the *Turtle Wax* logo. The overcap twists off so that consumers can access the foam pad inside without dislodging the primary cap (and spilling the wax).

A custom continuous threaded primary cap replaces the previous pry-off cap, further reducing the chances of accidental opening. Rather than making a revolutionary aesthetic change, the jar was "evolved" to impart a more contemporary look.

Functionally the jar is a radical departure, with improvements that include an indexing feature. New lugs on the jar pushup interlock into corresponding features on the overcap, making brand blocking and orientation much simpler. There are also built-in lugs near the rim to hold the overcap in place and ensure that stacked containers are not only oriented but perfectly aligned side-to-side.

Packaging Strategies Perspective: *Designing for the consumer requires spending time to understand the entire lifecycle of the product from the time it is purchased. Mapping out each of those steps of use will facilitate improvements in each of those micro-experiences.*

Turtle Wax has updated the look of its longtime product with an evolutionary overcap.

StarchTech continued from the bottom of Page 7

or allowing the product to migrate to the bottom of the box," Bartels said.

StarchTech claims that the *EcoSystem Packaging Solution* reduces the packaging material handling and, therefore, significantly lowers the costs. "This solution creates a definite positive impact on the bottom line in a very short amount of time," said Bartels. "We require that a company use a minimum of 100,000 cubic feet of material annually to justify the *EcoSystem Packaging Solution*."

Merchants turn the resin pellets into loose-fill packaging peanuts on site, where and when the peanuts are needed, using a gravity feed system. A company would require a small extruder for expansion, a simple transfer system, and a hanging bag for finished product. "StarchTech's packing peanuts keep lines running smoothly by eliminating equipment at packing stations that might require training or repairs," Bartels said.

Because the StarchTech patented resin is made from plants, not oil, manufacturing the starch-based resin has comparably lower carbon dioxide emissions than polystyrene packing peanuts, said Bartels.

Packaging Strategies Perspective: *Companies are looking to go directly to the source of the products that they want and need for their business. The benefit of this trend is often reflected in the cost of the products used, as well as in gaining a sense of control over supply needs and customer satisfaction.*

STREET TALK: INTELLIGENCE FOR THE INFORMED PACKAGING EXECUTIVE

Bananas Get a Second Skin

The bagging of fruit that does not necessarily need a bag has reached another crescendo, with **Del Monte**'s announcement that it will widen its testing of bananas in a barrier plastic bag.

Del Monte's bananas are being sold in barrier plastic bags in England.

Del Monte has told media outlets in England that it will sell individually wrapped bananas in a unique bag that keeps out oxygen and moisture and slows the ripening process. Dubbed "controlled ripening technology" by Del Monte (the company has not released other details), the packaging claims to extend the shelf life of the fruit by six days. The company will begin selling the more expensive packaged bananas in convenience stores, gas stations, and gyms, among other outlets.

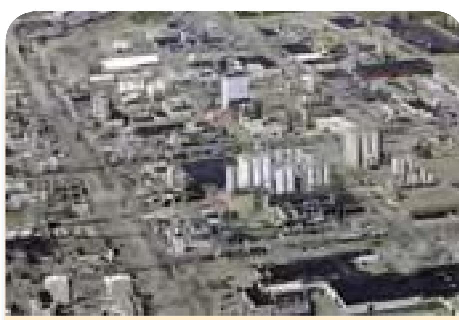
The company also is increasing trials of the bagged bananas in the United States. The first iteration of the barrier-film bananas was launched in 2009 at **7-Eleven** stores.

While the move by Del Monte is not new, the trend of bagged fruit is also ripening. Competitor **Chiquita Brands** has its own plastic bag technology, with **Landec Corp.**, that uses a breathable membrane that allows oxygen but not carbon dioxide to pass into the bag of fruit to enhance shelf life. Besides bananas, Chiquita has also started packing avocados in the bags.

Consumer watchdog groups have been vociferous in opposition to bagging heavy-skinned fruit such as bananas and avocados, criticizing it as unnecessarily adding to packaging waste. But others, including Jane Bickerstaff of England's **Industrial Council for Packaging and the Environment** (INCPEN), say that food waste will be reduced considerably by controlling spoilage. PS

Dow Repositions into Performance Plastics

Dow Chemical Co. is spinning its plastic and packaging operations into a new unit called Performance Plastics, fueling speculation that it will still try to sell off its lower-end commodity plastics operations.



Dow is forming a Performance Plastics operation that will include packaging.

The Midland, MI-based company will focus its Performance Plastics operations on such high-margin applications as household products, food, and telecommunications, developing materials that offer more specialty uses.

While the company did not specifically say it would attempt again to sell its commodity plastics business, spokesman Bob Plishka told **Reuters** that certain pieces of its plastics portfolio are lower margin and could find a better home with someone else.

Dow attempted to shift its commodity plastics in late 2008 into a joint venture, called KDow, with a Kuwaiti company that would have included chemical plants that produce plastics for consumer and automotive products. But that deal fell through when a price could not be decided upon, and no successor to that venture was announced. PS

SunChips Quiets Down

After surviving a viral media firestorm over the noise level of its previous, compostable *SunChips* bags and temporarily pulling some versions of that bag off the market, **Frito-Lay** is now relaunching the bags with a new, quieter packaging structure.

The Plano, TX-based company will replace the adhesive between the outer and inner layers with a rubber-like sealant that buffers the noise and could make it comparable to the decibel level of other snack bags. The bags use polylactic acid (PLA), a material that offers compostability advantages and a renewable resource from corn byproducts.

New SunChips bags from Frito-Lay could quiet critics.

Rob Cotton, manager of material development for Frito-Lay R&D, will address Frito-Lay's noise-reducing initiative and the efforts to reconstruct the bags during a presentation at the 2011 Food Packaging Technologies Summit, to be held April 5-7 in St. Louis.

Frito-Lay also will discuss the new bags in the March 31 issue of *Packaging Strategies Newsletter*. PS

PS: Business and Technology Newsletter Bonus

FOOD PACKAGING Technologies Summit

PRE-CONFERENCE BONUS COVERAGE

EXCLUSIVE ANNOUNCEMENTS, INTRODUCTIONS HIGHLIGHT FOOD PACKAGING SUMMIT

Food packaging is one of the most visible and volatile areas of the industry, with a mix of new consumer demands, regulatory requirements, and competitive positioning vying for attention.

Packaging Strategies' new Food Packaging Technologies Summit will provide an arena to address some of these concerns. This one-and-a-half day event promises to showcase some exclusive introductions of new technologies, strategic directional shifts, and major trends that will influence new packaging for food.

Among the featured presentations is a keynote address by Albe Zakes, vice president of media relations for **TerraCycle**, a leading reuser of consumer food packaging for new products. Zakes plans to take attendees down a new strategic path for the company that includes the resale of resin and an enhancement of collection points.

Just announced for the conference is the addition of Rob Cotton, manager of material development for Frito-Lay R&D. Cotton is one of the architects of **Frito-Lay**'s compostable *SunChips* bag, made of polylactic acid (PLA), that has garnered more than its share of viral media attention. Cotton – in one of the first public forums since the relaunch of the bags – will share how the *SunChips* packages are meeting noise concerns and offer a new construction that offers the same benefits of renewable materials at a lower bag decibel level.

Also on the program is a much-awaited talk from Neil Marshall, director of food safety at **Coca-Cola Co.**, on new global safety standards from the **Consumer Goods Forum** that will affect how packaging is developed and shipped worldwide.

The event also includes a host of new technologies – some exclusively presented here - that include a brand-owner and converter consortium to advance microwave technologies in sterilization; a session on augmented reality and the emergence of interactive packaging; the impact of ink on food containers (from **Flint Group**); and breakthrough resin technology for food packaging from **Dow Chemical Co.**

The Food Packaging Technologies Summit will be held April 5-7 at the Hyatt Regency St. Louis at the Arch in downtown St. Louis. Register today while rooms are still available.

As part of the conference, we asked presenters to respond to the following queston:

> *What changes are emerging in consumer behavior that will affect how food packaging is produced or used on the shelf?*

The Editors

The Converters' Perspective

"The changes we are seeing involve: 1. Growing intolerance of packaging that can't be safely and/or easily opened; 2. Growing intolerance of "cheap" packaging. Value brands and private label brands have learned that consumers expect their packaging to reflect the quality of their product ; 3. Growing intolerance of over-packaging or unnecessary packaging."

Dan Abramowicz, Crown Holdings

"Meat prices are rising and consumers are strapped by the tight job market. Packaging that can reduce wasted meat and offer cost saving will be in demand Vacuum packaging enables long shelf life, is freezer ready and reduces wasted meat in the supermarket and at home."

Dan Siegel, Bemis

PS: Business and Technology Newsletter Bonus

"Today's consumers are more educated and cost conscious than ever, relying on mobile technology to play a pivotal role in purchase decisions. These consumers will soon expect their packaging to offer instant cell phone access to product information at the point of purchase and the point of use."

Charles Brignac, Graphic Packaging International

The Suppliers' Perspective

"Consumers will continue to push for packaging and products that are easy-to-use and enable greater convenience. A great example is the **Starbucks** *VIA* pouch, which allows consumers to take Starbucks coffee with them wherever they go, and only needs hot water and a cup! This convenience will also drive more "point-of-use" customization enabled by the stick-pouch format for products like fresh spices, drugs and medicine, or other flavoring devices."

Greg Bunker/Jeff Wooster, Dow Chemical Co.

"The rapid adoption and deep penetration of mobile, socially-connected technology such as smart phones, apps, and mobile websites has created consumers for whom the path to purchase is now completely within their power to define. The "first moment of truth" in no longer just a decision point at a predefined moment in time or space. The new mobile shopper is only one tap, text, or tweet from potential influencers."

Barbara Barclay, Tobii

"In a word "IMPACT". Although packaging is being made more convenient by allowing resealing, dispensing, and even cooking in the package, the key trend is developing packaging that has shelf impact. The brand owner is fighting for shelf space and attention among the thousands of SKUs in a grocery store."

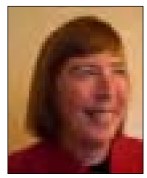
Michael Impastato, Flint Group

The Consultants' Perspective

"What consumers want has not changed much since the dark economic days of the Great Recession of 2009. What has

changed is that consumers are shopping smarter – in terms of where they shop – to save money, rather than eschewing lifestyle brands and/or the products they genuinely want to consume the most. This process will create ever larger grocery retailers which will have enormous buying power and a greater hold over the markets in which they operate."

Ben Punchard, EuroMonitor International



"Consumers are starting to rethink purchases based on packaging considerations for waste (materials and energy), disposability and recyclability, and health (especially with respect to plastics). Innovation will come from companies that marry consumer needs for convenience, portion control, single serve, and other advantages with solutions for reducing waste and promoting health."

Linda Gilbert, EcoFocus Worldwide

"I have just come back from the United Kingdom, where I was involved in a technical committee for the Global Food Safety Initiative as related to packaging materials. Packaging is now a key component of the GFSI food safety initiative. Similarly in Canada, the role of packaging, related to food safety has become more important from a consumer perspective."

Larry Dworkin, Packaging Association of Canada

"As consumers become more environmentally aware and their focus is to truly understand sustainable products, and as manufacturers continue to use packaging as a marketing tool, the trend to purchase these "sustainable" products will and is continuing to grow. More and more, we see claims of sustainable packaging in food and other products become more prevalent on the shelves. Consumers are becoming extremely sensitive to sustainable packaging by manufacturers and distributors as they realize the product they are buying is only as sustainable as the package it is delivered in."

Dailey Tipton, FirstCarbon Solutions

Click here to read more responses.

FOOD PACKAGING Technologies Summit

April 5-7, 2011

Hyatt Regency St. Louis at the Arch
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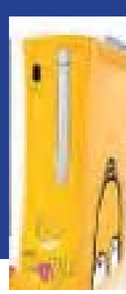
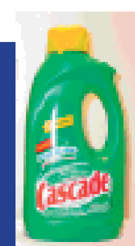
GLOBAL IN-MOLD LABEL & IN-MOLD DECORATION MARKET AND TECHNOLOGY REVIEW

2010 AWAreness™ Report

A Market Overview and Opportunities for
In-mold Label & In-mold Decoration Converters, Producers,
Equipment & Material Suppliers, and Users





Packaging Strategies
600 Willowbrook Lane, Suite 610
West Chester, PA 19382
USA

Tel: +1 610 436 4220 ext 8511
Fax: +1 610 436 6277
Email: orders@packstrat.com
Web: www.packstrat.com

Global In-mold Label & In-mold Decoration Market and Technology Review 2010

AWA – a recognized authority on label markets, materials, and technologies – updates and publishes a series of market studies as part of its regular reviews of label and product decoration markets. Our portfolio includes AWAreness™ reports on the various labeling technologies.

In 2008 AWA published the AWAreness™ report Global In-mold Label Market and Technology Review 2008. The first edition distinguished between in-mold labeling and in-mold decoration, and only covered the first. The second edition will be expanded and will also include in-mold decoration.

The in-mold label market structure is complex, so specialized expertise is essential to successfully operate in this industry. This study will bring you up-to-speed on the opportunities this labeling technology offers.

Global In-mold Label & In-mold Decoration Market and Technology Review 2010 presents an overview of the global and regional in-mold label markets. Each region is segmented by application, end-use, and material. In addition, the report gives an overview of technology trends for materials, printing technologies, and molding. The study also looks into the future of in-mold labeling and in-mold decoration. It concludes with the company directory section which presents an overview of key players in the industry.

Research for this study is based on our internal database of label market information, a review of available published literature, an analysis of trade and industry statistics, and interviews with companies across the value chain, together with inputs from AWA industry conferences and events specific to the label and specialist converting industries.

PUBLICATION AND COST

Global In-mold Label & In-mold Decoration Market and Technology Review 2010 has been published in November 2010.

The cost of the report is US$4,800. You can opt for a PDF or a hard copy. Additional copies (whether hard copy or pdf) are available at US$250 each. A Corporate PDF Site License is available for US$7,200.

There is a US$85 charge for handling and processing. If express or overnight delivery for hard copy is required, this will be provided and charged additionally at cost.

AWA Alexander Watson Associates

AWA is an international publishing and market research company whose specialization and expertise in the labeling market extends over many years and provides a unique database of marketing information. AWA also provides marketing advisory services and the possibility for tailored research.

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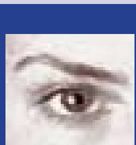

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