



Food packaging is critical to consumer purchasing decisions



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Quick read

- Packaging comes behind price and quality in influencing consumer food purchasing decisions
- The global containers and packaging market reached \$744.3 billion by the end of 2019
- Consumers are attracted towards packaged food, as family sizes decrease in industrialised countries and consumers seek to reduce food preparation time. Time-poor consumers seek more convenience and packaging that matches “on-the-go” lifestyles.
- From a marketing communications perspective, packaging communicates product information and brand character and helps to create a perception of quality in the consumer’s mind, to imply status or product quality.
- Statutory requirements also affect the food packaging industry, as cartons, wrappers and jars must comply with legal requirements, by providing a list of ingredients and calorific information on the label.
- The requirement for traceability is driving further adoption of bar code technology and the implementation of QR codes, allowing for further granularity of identification.
- Flexible and biodegradable packaging are emerging trends

Introduction

Price and quality are the primary factors that influence consumers’ food purchasing decisions; however, brand owners are increasingly focused on enhanced packaging as a way to engage customers and to stand out from the competition.

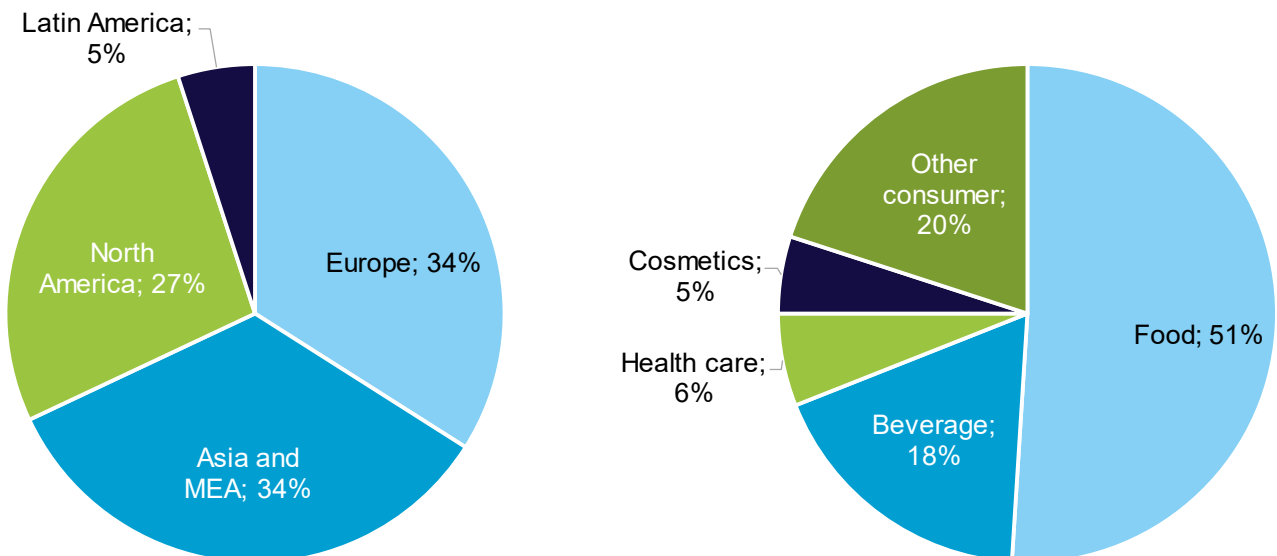
According to Datamonitor, the global containers & packaging market was worth \$560.3bn in 2014, representing a compound annual growth rate (CAGR) of 3.4 percent between 2010 and 2014. Market consumption volume increased with a CAGR of 3.5 percent between 2010 and 2014, to reach a total of 370.4 million tonnes in 2014.

The market is expected to grow with a CAGR of 5.8 percent for the five-year period between 2014 and 2019, which is expected to drive the market to a value of \$744.3 billion by the end of 2019.

Functional Benefits

In terms of functional benefits, packaging protects the product in storage, shipment and display. Due to the per-metre cost of supermarket shelving, producers have innovated to make their products more space-efficient.

Figure 1: Packaging Consumption by Region; Application of packaging by sector



Source: EY



Packaging also extends the shelf-life of perishable goods and reduces the amount of waste while reducing the chances of contamination. Packaging prevents tampering with products, which is particularly important with pharmaceutical products.

Convenience packaging is a good way to enhance the value of a product and innovations such as pull-rings on drink cans; pumps for toothpaste; and re-sealable packets for sliced meat or cheese can provide a competitive advantage to manufacturers.

Consumers

Consumers are attracted towards packaged food, as family sizes decrease in industrialised countries and consumers seek to reduce food preparation time. Time-poor consumers also seek a greater level of convenience and seek packaging that facilitates their “on-the-go” lifestyles. They also expect an evolution of packaging, due to an increasing awareness of environmental issues, and the adoption of new regulatory requirements on packaging recycling.

From a marketing communications perspective, packaging communicates product information and brand character and helps to create a perception of quality in the consumer’s mind, to imply status or product quality. Something as simple as including an image of a child’s favourite cartoon character on the wrapping of a product can significantly enhance its attractiveness.

Regulations

Statutory requirements also affect the food packaging industry, as cartons, wrappers and jars must comply with legal requirements, by providing a list of ingredients and calorific information on the label. In the food industry, the requirement for traceability is driving further adoption of bar code technology and the implementation of QR codes, which allows for further granularity of identification.

Trends

One important trend in the packaging industry is the move from rigid packaging to flexible packaging.

Flexible packaging is a container made from flexible or easily yielding materials, such as paper, plastic film or foil, which can easily be changed in shape, which

is more space efficient for the consumer. According to a recent report by Transparency Market Research, the global demand for flexible packaging was \$74 billion in 2012 and is expected to reach \$100 billion by 2019, growing at a CAGR of 4.4 percent from 2013 to 2019.

Another important trend is the shift towards biodegradable packaging materials and away from plastic packaging. Currently plastic accounts for 70 percent of total packaging, but bio-degradable materials – particularly cellulose-based packaging – will grow exponentially over the next six years.

Conclusion

Packaging comes behind price and quality in influencing consumer food purchasing decisions

Consumers are attracted towards packaged food, as family sizes decrease in industrialised countries and consumers seek to reduce food preparation time. From a marketing communications perspective, packaging implies status or product quality. Statutory requirements also affect the food packaging industry, as cartons, wrappers and jars must comply with legal requirements, by providing a list of ingredients and calorific information on the label. The requirement for traceability is driving further adoption of bar code technology



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