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The new cardboard revolution

In case you weren't aware of it, over the 18 months or so there has been a quiet revolution going on in the chiller cabinet of your local supermarket. Slowly but surely, plastic packs on premium range sandwiches have been gradually replaced by cardboard packs carrying high quality graphics. This is significant for a number of reasons but most notably gives us a powerful insight into the competitive nature of the sandwich market in the UK.

Large retailers cannot afford to be out of step with their competitors - where one goes others soon follow. The inertia in the market has now been overcome and this has led to an exponential growth in cardboard pack sales. This is a classic 'S' curve which has gained further momentum from major launches by high profile retailers that took place throughout the summer and early autumn. These include M&S, Ginsters, Boots, Costa Coffee, Shell and Wild Bean Café.

Tri-Star Packaging is one of a number of companies that supplies our new range of fully biodegradable fresh and heat seal packs. Managing Director, Kevin Curran says, "The interest in cardboard packs has risen at a phenomenal rate over the last 6 months. We have experienced a growing number of contacts from high quality retailers and food producers who understand the positive benefits of the product."

These comments are very much in line with our own experience. Early adopters of cardboard packs have always believed in the ability of the product to enhance their food offering. Consumer research has proved time and time again that sandwiches packed in this way are perceived as fresher and of higher quality. This has resulted in increased sales and happier customers – but is it just a fad?

This isn't the first time cardboard packs have been used in the market. Back in the early eighties cardboard was the preferred choice of a number of retailers. However, plastic quickly took hold as it offered convenience, low cost and extended shelf life at a time when the mass consumerism of the packaged sandwich really started to take off. Over the years price and production speeds, along with the growth of supermarkets as high volume sandwich retailers, have been the major factors leading to the proliferation of plastic. But this is changing.

Board and machinery improvement and innovation

The UK sandwich market is worth in excess of £3.5 Billion p.a. and is the largest market in the World for pre-packaged sandwiches. This is a perfect environment to foster innovation as product improvements can very quickly lead to increased market share. This in turn leads to a recoup of R&D spend and an increase in profits.

On this basis huge resources have been put into the development of newer more efficient board materials. These materials have increased moisture barrier protection, are more consistent in

manufacture and also have improved environmental characteristics. In addition the board's substrates print more efficiently and can carry photo quality graphics and images.

This combination of factors has also led to the development of new forms of sealing machinery that utilizes the board's coating to enable packs to be sealed for a longer shelf life. Soken Engineering's Ross Mathew, a specialist heat seal machine manufacturer says, "We've been involved in considerable development over the last 5 years and this has resulted in the creation of a suite of heat seal products to service all sectors of the market. This includes simple hand operated machines, through semi-automatics right up to full automatics capable of sealing 60 packs a minute."

Clearly these innovations were not available 20 years ago and have therefore been the key elements in the increased use of cardboard packs today. Cardboard packs can now give up to P+3 shelf life and this, combined with increased speeds in chilled distribution, makes them more viable as an alternative to plastic than ever before.

Cost implications

Whilst the performance and sealing of cardboard products has improved dramatically over the years the price differential has not changed. This means that cardboard packs can cost in excess of twice the price of plastic and is therefore often the biggest stumbling block. When assessing the difference one needs to take into account one of cardboard's most important advantages – the ability to carry information and high quality graphics.

This actually gives the opportunity for cost reductions by allowing retailers to reassess their label requirements. Plastic packs carry large labels showing the product type along with statutory nutritional information. Much of this can now be printed on the box which means that the label can be reduced in size or eliminated all together. This not only saves the cost of the label but also the labour to put it on.

These factors are often forgotten when comparing plastic and cardboard and yet, depending on the retailers label costs, can often dramatically reduce the price differential. Once this is accepted the graphic nature of cardboard presents further opportunities in both marketing and product enhancement.

Connecting with customers

Retailers are more and more so starting to understand the benefit of connecting with customers via their food offerings. Prêt pioneered this concept 5 years ago by not only re-introducing cardboard sandwich packs to the mass market but by also using the pack to market their brand attributes. From day 1 Prêt's packs incorporated brand information and quirky messages about their food and how it was sourced. This set the standard for quality sandwiches and most users now follow these principles by using cardboard as a medium to interact with their customers.

This can produce extraordinary results: as an example, retailers that have changed from plastic to our range of premium graphic cardboard packs have seen sales increases of over 20% - and this is even after sandwich prices have been increased to compensate for the increased cost of packaging. The graphics help to attract the customer's attention and simply make the whole food offering more appetizing.

The environmental message is then the last piece in the jigsaw and the one that is probably the key differentiating factor. With over 2 Billion plastic packs being thrown into landfill sites on an annual basis in the UK alone it's also one that is starting to gain considerable attention from consumers, the media and the Government.

Sandwich packs and the environment

The UK has an awful reputation on environmental issues amongst its European counterparts and is one of the bottom three Nations in waste recycling in the EU. 2005 marked the 11th anniversary of the Packaging and Packaging Waste Directive and yet less than 10% of plastic used in the UK is recycled and landfill waste is still increasing at a rate of 3% p.a. Consumers are better informed that many retailers give them credit for but they cannot choose environmentally friendly products if they are not offered. On this basis the recent move to cardboard can only be seen as a positive development. However, it's a little confusing as to why the vast majority of retailers have opted for cardboard packs with plastic linings and plastic window patches when fully biodegradable alternatives are readily available. Again, retailers may believe that cost is the main driver here, but the reality is fully biodegradable packs can be offered at the same price as a PE coated packs as the base material costs are not substantially different. At ROKOV Design we currently offer fully biodegradable options at consistently lower prices than our competitors to encourage their use and to offer our customers a marketing advantage. This allows retailers to fully utilize the environmental message and to interact with their customers on a fundamental level that is of concern to us all. In addition, we have created an entire suite of products that will be available during the course of 2006 that allows retailers to compliment their cardboard sandwich pack with further food offerings in a biodegradable form. These will include a baguette box, tortilla pack, bagel box and a revolutionary new salad container.

The future for cardboard and plastic

There is no question that this time around cardboard is here to stay. Improvements in base materials and machinery as well the competitive nature of retailing in the UK means that the key differentiators that cardboard offers will continue to grow in importance. Plastic will still dominate in the mid term as the sheer volume of usage World Wide is not about to change overnight. We have recognized this by working in conjunction with the leading plastics manufacturer in creating exciting new developments in plastic packaging for both sandwiches and pre-packed salads. This includes new designs and in researching PLA alternatives to help manage the transition as seamlessly as possible.

This transition will not be easy as demands on space and capital expenditure inevitably give food manufacturers cause for concern. Investing in new packaging concepts requires a belief in the longevity of a product line so that costs can be amortized over a reasonable timescale. Predicting where we might be in 5 years time is always difficult but perhaps the most important guide lies in where future tax levies on packaging may lead us.

Governments are fully aware that tax increases on non environmentally packaging are a soft target. Huge revenues can be generated in an indirect way and in a way that is also likely to gain public support. All across Europe tax levies on packaging has increased at a dramatic rate. This has lead to a situation where for the first time the tax on some packaging is actually greater than the cost of the product. Once taxes like these are implemented and accepted it's very unlikely they will be reversed.

Thinking outside the box - summary

Introducing products ahead of the requirement to do so gives the opportunity to gain a marketing advantage. This is especially true where the products in question offer so many consumer related benefits. Graphics on cardboard packs can convey freshness and quality as well as informing and educating customers on nutritional and dietary matters. In addition they also have the potential to generate advertising revenue or be used to support charitable or promotional activities.

Cardboard packs can now be effectively sealed for longer shelf life, require less labelling and utilize easily accessible and proven machinery. The material constituents offer consistent

moisture protection, are far more environmentally friendly and may also help companies reduce their future tax burden.

In short, they offer retailers the unique ability to differentiate their food offering and to connect with their customers. In this highly developed and competitive market this represents the most cost effective way yet to help drive sales and ultimately increase profits.

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