

# SMART CHAIN

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VENDOR RESOURCES / TRENDS / NEW PRODUCTS Limited-Service, Unlimited Possibilities

## QSR

# PACK A PUNCH

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Packaging isn't just about finding the best containers for your food. It's also a great marketing opportunity for your brand.

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# The Power of Packaging

Performance, sustainability, and differentiation drive advancements in foodservice packaging.



WestRock



BUNZL / R3 Redistribution



GP Pro

**W**ith flashy front-of-house innovation, mobile apps, and an increasing technology-focused and automated back-of-house, food packaging often gets overlooked as a critical part of restaurant operations. But in today's highly competitive foodservice space, packaging is more important than ever.

"Packaging plays a major role in consumer perceptions and satisfaction," says John O'Neal, executive vice president for food and beverage at **WestRock**. "In fact, packaging is the one enduring element of

the marketing mix that is guaranteed to reach every consumer."

Both functionality and marketing should play major roles in an operator's food packaging strategy. To find packaging that performs well, operators need a solid understanding of how the package will be used, where it will be used, and by whom it will be used. First, packaging must do the basic job for which it was designed—contain food and preserve its integrity. This starts well before the packaging even arrives at the store.

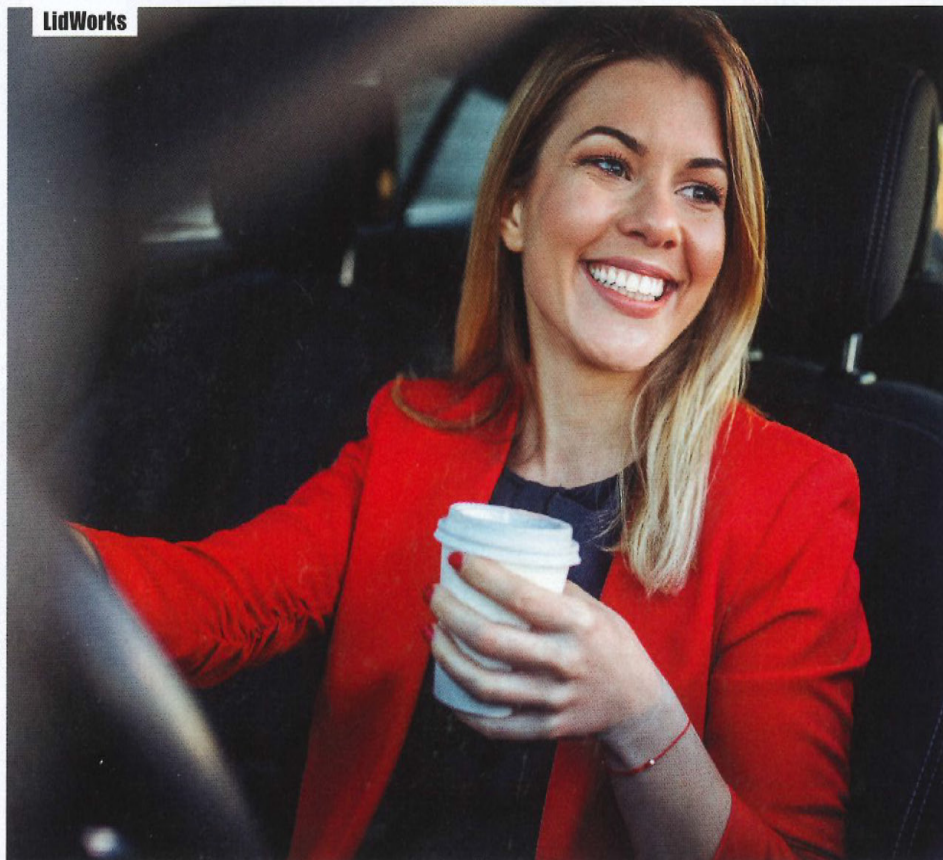
"Packaging must be designed to arrive

effectively at the individual quick-serve location," says Mark Schlossman, executive vice president of sales and marketing for **Accurate Box Company**. "After all, even the best packaging solution is no good if it arrives late, damaged, or in subpar condition."

It's also important to consider how packaging will affect operations within the restaurant. Storage space is often limited, so products that are able to nest—such as cups that stack inside one another—are ideal. It is also critical that employees be able to quickly and easily



LidWorks



assemble product packaging. For example, a lid that has to be oriented when put on a container may slow order fulfillment times as well as frustrate customers.

“When dealing with beverage lids, the most significant performance challenge is typically lid fit and functionality,” says Ugo Mazzarolo, president of **LidWorks**.

“One doesn’t need to go into much detail about how a poorly-fitting coffee or fountain beverage cup lid can ruin someone’s day.”

One challenge with finding packaging that performs well is that hot foods and cold foods typically have different packaging needs. While some menu items may require moisture retention, others need venting. Additionally, menu items that use accelerated cooking require packaging that can withstand a rapid influx of heat.

“Finding the right materials that retain structural integrity, control moisture content and evenly cook the product in environments up to 520 degrees is the ultimate challenge,” says Chris Thomas, brand manager for **Chef Pack**. “Modern food packaging tends to be more natural and simplistic in appearance in order to

**“One doesn’t need to go into much detail about how a poorly-fitting coffee or fountain beverage cup lid can ruin someone’s day.”**

reinforce the idea of fresh, natural ingredients—therefore it’s critical to use packaging that retains this appearance after cooking.”

Once performance fundamentals are addressed, packaging can also help foodservice operators reinforce brand positioning and differentiate themselves in the marketplace.

“The chef in a casual dining or full-service restaurant makes sure they plate their food in a specific manner for on-premises dining and wants packaging that preserves the presentation appeal and quality for to-go food,” says Marilyn Stapleton, director of marketing at **Anchor Packaging**.

“The best way for a restaurant to differentiate themselves is to give the customer a similar experience in look and taste as in the restaurant at home.”

Operators must also take into consideration evolving consumer preferences.

“Manufacturers need to get an accurate look at what the customer and/or end users want so they can properly address any challenges that arise,” says Peter Horwitz, founder and CEO of **Tiger Packaging**.

Customers foremost want convenience and functionality, namely containers that are easy to open, close and use.

“Current quick-service packaging, such as flat wraps and clamshells, has been around forever and doesn’t offer the customer the experience they’re looking for,” says Akiva Buchberg, president and CEO of **GreenDustries**.

For years, packaging companies have focused on changing materials that are used for current packaging products, but few have thought of or come up with new functional designs. “Customers seek superior packaging which provides a fun, easy and enjoyable consumption experience,” Buchberg says. “Packaging solutions that are designed to serve the food it carries are the solution the market is looking for.”

Research also shows consumers want packaging that allows for “eatability”—in other words, packaging that allows them to eat without making a mess.

“Consumers don’t want and won’t tolerate mishandled food, spilled beverages, leaky containers, or excess packaging,” says Alec Frisch, vice president and general manager with **GP PRO**’s foodservice business. “Quality food deserves quality packaging.”

One of the most important drivers of packaging innovation is the fast-evolving delivery trend. Customers are looking for delivery-friendly packaging and expect the food they order online to be just as good as if they ordered it at the restaurant’s counter. With the growing popularity of third-party delivery services in particular, packaging must be able to keep the food warm and maintain food quality at the same time. In addition, customers need to know that their food is safe



## SMARTCHAIN PACKAGING

and sanitary. Tamper-evident packaging demands are growing with each incident of abuse reported in the news.

"Quality packaging that protects food integrity in transport, provides grease and moisture barriers, and prevents leaks and spills are attributes that can build consumer loyalty," O'Neal says.

Operators can easily put their packaging products to the test by sampling their own food in the packages they come in to see and taste the results for themselves (be sure to factor in delivery time).

Another major consumer demand driving packaging innovation is sustainability. Consumer perceptions around sustainability are evolving, and many people now expect eco-friendly disposables that support their own environmental ethos. These days, sustainability is an important factor that can set a brand apart. Recycled, recyclable, or compostable substrates can enhance a brand's sustainability story, which can then be shared with end-users on packaging.

"Customers are looking for immedi-

ate visual recognition that their purchase was made from a restaurant that is vividly displaying environmental responsibility and is obviously making the effort, while at the same time showcasing the food they are purchasing in a visually appealing manner," says Nathan Foxx, director of category management for **R3 Redistribution**.

Operators may also be under pressure from local government to incorporate more sustainable materials. Consider what types of disposal bins are available in the store and ensure that recyclables are getting recycled and compostables are going into a compost bin. In-store signage above receptacles can provide consumer education about which items to place in what bin. Educated consumers are good consumers.

"Sometimes consumers demand certain products such as compostable items without understanding how to properly use or dispose of them," Horwitz says.

For example, the fiber from paper-board foodservice packaging is a valuable

resource and can be recovered through recycling. However, commercial compost facilities are limited in number and availability. Some regions that mandate that foodservice packaging be compostable do not actually have the infrastructure to support the practice of large-scale composting, so these disposables ultimately end up in landfills. The same goes for recyclables, although recycling is more readily available in most cities.

When considering end-of-life disposal paths for foodservice packaging, operators should look at what means of disposal is available to the largest portion of their end users. It takes a chain of events—and the actions of several individuals and institutions—to see products through to composted or recycled completion.

"Consumers want to do the right thing, as long as it is simple to do in the store," says Jennifer Stilwell, foodservice marketing manager for **Berry Global**.

Because it is so important to consumers, operators are responding to demand in the sustainability arena with gusto. A

WestRock study found that 44 percent of consumers learn about a company's views on sustainability from information on the product packaging, while GP PRO research showed that 40 percent of operators have already voluntarily begun to incorporate more sustainable disposable solutions into their operations and another 25 percent plan to.

Operators are beginning to recognize that being kind to the earth is also a way to connect with consumers.

"It is now a marketing decision for operators to make," Foxx says. "Millennials will not let them ignore it any longer—they will reward or rebuke restaurants with sustainability initiatives with their patronage."



**Chef Pack**



**Greendustries**



**Tiger Packaging**



One of the biggest challenges for operators is balancing performance, sustainability, and consumer preferences with practicality. It can be hard to find packaging that builds and supports their brand while remaining within budget. Operators are trying to solve for consumer expectations for sustainable and environmentally conscious products, but difficulties tend to revolve around three things: increased cost of goods for these products compared to their less eco-friendly counterparts, overall performance of new products being sometimes less functional compared to what they are currently using, and potential for reduced serving line efficiencies.

Often, custom packaging is the best option to meet a restaurant's specific usage requirements, but the investment of designing, engineering, and tooling up for new packaging can be add up quickly. Operators may want to launch custom packaging, but don't always have the scale or incremental sales to justify added expense. Under constant pressure to reduce costs, having different packaging solutions based on the food product itself is often cost-prohibitive, and operators face the difficult juggling act among cost, performance, and differentiation.

"Finding packaging that performs well depends on developing innovative packaging solutions that provide a balance between ease of use, sustainability, safety, performance, differentiation, and cost," says Tom Hession, North American sales director for **Rapak**.

In response to consumer concerns about sustainability and food safety, operators and manufacturers are tackling the sustainability issue head-on. Experts agree the biggest trend for 2020 is eco-friendly products and the shift away from non-degradable packaging in general. Moving into the new year, expect to see more post-consumer recycled content in foodservice packaging. Lightweight packaging will increase in popularity and help meet sustainability and cost reduction goals, and industry engineers will continue to work to reduce the overall amount of plastic used while improving performance characteristics required by



**Ultimately, the right packaging can and should support a restaurant's brand image while simultaneously improving the overall customer experience.**

the restaurant and consumer.

As states and municipalities continue to implement plastic bans and as consumers demand that brands be more socially and environmentally responsible, expect to see continued advancements in affordable, high-performing sustainable packaging solutions.

"I believe that over the next year we will see the conversation around reducing single-use plastics continue to evolve," Mazzarolo says. "Straw bans will continue to be a hot topic as strawless lids and plastic straw alternatives go mainstream. Packaging end-of-life stories, source reduction, and compostability are themes that will continue to make headlines."

As off-premises dining continues to

grow, look for consumer confidence in third-party delivery to waver, driving innovation in tamper-evident packaging. "Tamper-evident packaging benefits both the customer and operator as safety is a top concern," Stilwell says. "A simple solution to this is bags that have an adhesive strip which can only be opened by tearing the package."

Ultimately, the right packaging can and should support a restaurant's brand image while simultaneously improving the overall customer experience. Packaging that functions well, looks attractive, and is environmentally responsible boosts brand image and appeal.

The bottom line? Packaging is not an afterthought. When selecting new packaging for your foodservice operation, invest in working with experts—don't just settle for what a salesperson who is not intimately familiar with your operations might suggest. No part of the packaging set should be treated as an add-on item; each part should be carefully considered and branded.

"It's important for restaurants to stay ahead of industry trends and meet customers' requirements," says Horwitz. "That positions them as a relevant business that cares about and knows what it's doing."



# Delivery Dilemmas

The restaurant industry hustles to adapt as delivery apps abound.

Home delivery is the fastest-growing segment of the restaurant industry, with sales expected to reach \$58 billion in 2020. In their typical trendsetting fashion, millennials are driving the sector's rapid growth with the use of online mobile ordering apps, but Gen Xers and baby boomers are not far behind. In the not-so-distant past, food delivery options were fairly limited in most parts of the country—think pizza and the occasional Chinese and sandwich shop if you were lucky. But with the variety of delivery options available today, you can now order almost anything at any hour in many parts of the country. That means operators need to keep food hot (or cold) and fresh during delivery, which can often take half an hour or more.

“Early adopters of home delivery tried to make little or no change to their existing packaging, and some market research feedback suggested that consumers would be willing to accept lower food quality as part of the delivery experience,” says Marilyn Stapleton, director of marketing for **Anchor Packaging**. “The explosion of online ordering and home delivery has changed the landscape of most foodservice operations. Consumers are not willing to accept cold and soggy food.”

The rapid growth of off-premises dining, and in particular, third party delivery, has created several major challenges for operators. According to data from **WestRock**, the trend has grown in popularity because of the convenience factor—delivery sales increased at an average of 20 percent across foodservice cate-





Anchor Packaging



gories in the U.S. this past year—however, it creates significant obstacles in terms of food integrity and safety.

“Meal temperatures must be maintained in transit, packaging must be resilient to jostling in a car or on a bike, and the temptation for drivers to sample customers’ food must be eliminated,” says Jennifer Stilwell, foodservice marketing manager for **Berry Global**.

Packaging performance is critical to ensuring a consumer’s delivered meal experience replicates their on-premises meal experience, particularly as it relates to the temperature, texture and taste of their food. Therefore, what works for the drive thru may not work as well for food ordered online for home delivery. And while it may be easier to use packaging already in use for other items in the restaurant, this may not be the best solution for items that must withstand delivery time.

“There’s no question that operators are struggling with how best to package their delivered food in a way that preserves its quality,” says Alec Frisch, vice president and general manager for **GP PRO** foodservice. Hot and cold foods have different requirements to maintain freshness, and things can get complicated when items of different temperatures are bagged together. Making sure the customer has a similar taste and texture experience for

home or office delivery as they do in the store or drive thru is essential to repeat business.

Another delivery-related challenge is food safety. GP PRO research found that 47 percent of operators are somewhat or very challenged over tamper-evidence in delivery, and these concerns are more than warranted—a recent US Foods study sent shudders across the foodservice industry when it revealed that one in four delivery drivers admits to tasting the food they deliver.

“Consumers don’t want their delivery driver touching or tasting their meal or even having the opportunity to do so,” Frisch says.

As delivery options grow, operators need to be diligent about perceptions surrounding their brand. End users may blame the restaurant even if the issue—a naughty third-party delivery driver sneaking fries from an order, for example—is not directly their fault. As concerns about food tampering during third-party delivery grow, savvy operators will need to invest in meddle-proof technology. “Takeout packaging with tamper-evident closures could become the deciding factor when a consumer makes their next meal selection,” says John O’Neal, executive vice president for food and beverage at WestRock.

Product packaging is not just a practi-

cal matter, it also offers an opportunity for operators to stand out from the crowd and showcase their brand identity. “Unique packaging design that improves functionality, adds convenience or protects food integrity can distinguish a brand and build consumer loyalty,” O’Neal says.

When it comes to meal delivery, often the only brand engagement the consumer has is with the food itself. “Too often, the packaging the food arrives in is identical from one restaurant chain to the next, which makes it difficult for operators to build and maintain a brand identity outside of the physical restaurant,” Frisch says.

Unlike those early adopters, today’s consumer recognizes even small changes about how their food is delivered. They notice things like tamper-resistant enclosures as well as packaging that tells a story. For example, disposable cups that profile the coffee farmer or burger wrappers that highlight a beef supplier make consumers feel more connected to the food they are consuming.

The delivery trend shows no signs of slowing—in fact, it is on track to climb from \$58 billion this year to \$76 billion by 2022. In order to stay competitive, operators need to sit up, take notice of consumer demands, and do what it takes to get a piece of the pie.

“A bad delivery experience has the potential to hurt the operator more than the consumer,” Frisch says. “If one restaurant doesn’t meet their needs and expectations, they’ll just go find one that does, which is easier than ever since restaurant densification is growing faster than the population. Consumers don’t need any specific restaurant brand, but that brand needs them—and in this age of social media, a delivery gone bad can cause widespread and lasting damage to a brand.”

Conversely, operators who get ahead of the packaging game can use positive customer experiences and feedback to fuel brand loyalty and satisfaction.

“Every type of restaurant, supermarket deli, and convenience store is getting a share of delivery,” Stapleton says. “The best consumer experience will maintain and increase share.”

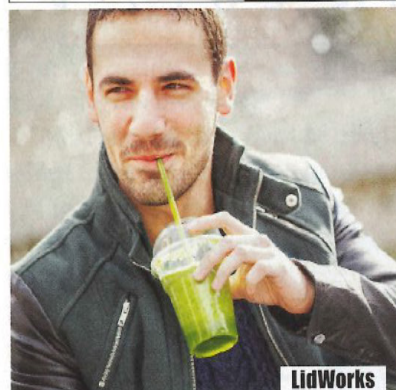


# Is Your Packaging Instagram-Worthy?

Consumers are affecting the packaging industry like never before.



Accurate Box



LidWorks



Tiger Packaging

**Y**ou've seen them: inspirational photos of a fancy coffee against an impossibly scenic landscape. Or maybe it was a colorful ice cream cone juxtaposed against a drab, industrial-chic street scene. Whatever the backdrop, there's no denying people love posting pictures of their food and drink.

"When swiping through Instagram and other social media channels, it's common to see images featuring food items from a brand with which users connect," says Ugo Mazzarolo, president of **LidWorks**.

These images are more than just nice to look at—they are powerful marketing moments on which quick service brands can maximize. According to Social Media Monthly, 75 percent of consumers have used Facebook to decide where to eat, while Locowise reports that three out of four Instagram users will go to a restaurant's website after they see their

post in their feed. This is a huge opportunity to showcase packaging that highlights a brand's ethos, mission, high-quality ingredients, sustainability initiatives, or other messages the operator may want to convey. As a result, operators are under increasing pressure to provide "Instagram worthy" branded packaging.

"These days, consumers are almost as interested in their experience as they are in the overall taste of the food," says Mark Schlossman, executive vice president of sales and marketing for **Accurate Box Company**. "We have seen great success with consumers promoting their favorite food or brand simply by sharing photos and or videos online—in these situations, the printing and graphics on the packaging can go a long way in putting a brand on the map."

Custom-printed or branded packaging products offer a way for operators to

differentiate themselves in the crowded quick-service space. Branded lids, for instance, can help beverages stand out. Similarly, clear packaging can be used to showcase the color and freshness of food and beverages, leading to a more aesthetically-pleasing (and therefore more engaging) post.

Restaurants must appeal to millennials and Gen Z in order to stay relevant, and what today's youth care about is the environment, adopting various causes, and making a difference. Customers with strong beliefs surrounding sustainability or environmental justice initiatives will go out of their way to support brands that they perceive are confronting these issues.

"Social media has allowed the impact of packaging to come into the spotlight, and restaurants can create a good story for their brand," says Jennifer Stilwell, foodservice marketing manager for **Berry Global**. "This could mean highlighting a brand's use of recyclable or compostable items, or even the packaging's functionality."

As packaging innovation—fueled by performance demands and third-party delivery services—continues to evolve, operators may want to consider investing in custom solutions that lend themselves to social media. Even a modest investment in upgraded packaging can have exponential rewards. After all, there's nothing like free, organic and authentic promotion from real consumers who are connecting with your brand.

"Consumers have the ability to affect change in the packaging industry like never before," says Schlossman. "Their feedback to restaurant chains through social media is extremely powerful and cannot be ignored."