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Consumers want more out of foodservice packaging. Here's how operators can deliver.

SPOTLIGHT ON PACKAGING

BY KARA PHELPS

Tackling Tough Challenges

Operators are adjusting to new pressures in packaging supply and demand.

Inno-Pak



The world of foodservice packaging is transforming in the wake of the COVID-19 pandemic. Supply chain issues, increased demand for off-premise dining, and sky-high customer expectations have forced restaurant operators to find creative ways to meet their packaging needs.

On the supply side, challenges mirror what the restaurant industry is facing in other areas. “Operators are struggling with the higher cost of packaging across the entire product spectrum,” says Nathan Foxx, director of category management at

R3 Redistribution. “Once they decide on the perfect packaging, consistent inventory invariably becomes a problem. Customer-facing packaging costs and inventory availability have been skyrocketing issues since the onset of COVID.”

To help solve these issues, restaurants are expanding their supplier base and looking for similar packaging available from multiple sources. They may choose to spot-buy or shift into packaging types of substrates they have never used. “When polypropylene clamshells and containers were hard to find, some people tried

molded fiber solutions because the form and function were very similar,” says Nathan Schultz, director of sustainability at **Inno-Pak**. “It’s almost been like forced experimentation based on necessity.”

At the same time, innovation in the packaging industry itself has seen a slower pace. “The reason why we do not see any real innovations in the quick-ser-

“It’s almost been like forced experimentation based on necessity.”

vice restaurant packaging arena has to do with the current quick-service restaurant packaging converters’ mindset and lack of capabilities to innovate,” says Akiva Buchberg, inventor and executive chair of **GreenDustries Corporation**. “The industry has been dominated by commodities-type packaging concepts for many years. Restaurant operators cannot demand innovations, or to ‘think out of the box,’ from packaging converters that for decades have produced and supplied them only with the same old packaging concepts: flat-wraps, clamshells, scoops, boxes, and bags. Restaurant operators cannot demand or expect packaging innovation from those that are unable to create them.”

Some notable exceptions are the introduction of better insulative properties and more sustainable materials to the market. “Whether it is a new bioresin or coating, there are more and more innovative options out there which can help with sustainability goals,” Schultz says. “Consumers want to feel good about the

brands they frequent, and that includes feeling good about the packaging and the effect it has on the environment.”

It's clear that customers are demanding higher-quality foodservice packaging across the board. With the recent surge in off-premises dining, many consumers have found themselves relying on packaging more frequently.

“The good news here is that during the COVID-19 pandemic, off-premise dining, which has grown to include drive thru, take out, contactless pick-up, and delivery, became a lifeline for many operators,” says Alec Frisch, vice president and general manager of **GP PRO's** Foodservice category. “And while this trend is now stabilizing, off-premise dining still accounts for a significant portion of operator revenue.”

According to Datassential, nearly 40 percent of consumers now get food delivery at least weekly. While these consumers may have been willing to overlook certain shortfalls in the early days of the pandemic, they're no longer willing to do so.

“Off-premises ordering is now a way of life.”

“As operators scrambled to take advantage of consumer interest in and demand for off-premise dining options, they were largely left to their own devices to figure out how to develop and scale viable packaging solutions,” Frisch says. “From my personal experience, it seems there was a lot of Styrofoam and masking tape involved. And despite this resulting in soggy fries, lukewarm soup, and spilled soda, consumers, myself included, were only too eager to partake—for a while, anyway.”

Times have changed, however, and consumers are becoming less forgiving. They now expect their off-premise orders to arrive in the same condition they would ordinarily see in the dining room—so it's critical that food travels well, no matter where the consumer decides to eat. In fact, recent research from GP PRO found that 48 percent of consumers expect more from their delivered meal experience now than they did a year ago.

Packaging plays a crucial role in ensuring a great customer experience off-premises, and restaurant operators that were already experimenting with takeout and delivery packaging before the pandemic gained an advantage. “Through side-by-side testing, these operators identified which containers delivered the best experience

for their food,” says Kurt Richards, director of market development and sustainability at **Anchor Packaging**. “When takeout and delivery demand accelerated, they were best-positioned to adjust and exceed consumers' expectations.”

Operators need to be able to ensure consistency. Food cannot migrate compartments or change temperature during transport. “Over the past two years, people have ordered a lot of takeout and delivery meals,” Richards says. “They know food can arrive without compromising meal quality. Consequently, operators whose packaging maintains dine-in quality will enjoy more repeat business and increased off-premise sales.”

The recent explosion in popularity of third-party delivery services like DoorDash and Uber Eats means that foodservice packaging must survive an additional round of handling before it arrives to the customer. It has to be strong as well as intuitive and easy to carry. “The consumer and the third-party delivery service both want to have a quick and easy pick-up process, with the packaging being durable enough that they don't have to worry about the packaging breaking while bringing it to and from locations,” says Mark Schlossman, executive vice president of sales and marketing at **Accurate Box Company**.

Customer expectations also extend past first impressions into the ability to preserve leftovers. “Off-premises ordering is now a way of life,” says Monica Bowser, corporate marketing manager at **Genpak**. “Consumers also expect to be able to eat out of containers, store them in the refrigerator, and reheat them in the microwave. Operators should consider packaging that maintains meal integrity, is reheatable, reusable, and recyclable.”

The bottom line is that customers want packaging to be convenient, safe, and easy to use. Regardless of the ordering scenario, the packaging must perform equally well. “Daily consumers are moving toward using drive-thru and takeout options more frequently,” says C.J. Baker, outside customer success at **Policarta**. “This means that packaging must fulfill the way they choose to order.”



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The Elements of Great Packaging

Improving a packaging program hinges on these key attributes.

Takeout and delivery have grown their share of many restaurants' revenue streams, and consequently, food packaging options are becoming more critical to maintaining a strong brand. Customers expect dine-in quality regardless of where they choose to eat their meals—and, due to the rise of third-party delivery services, the packaging that holds a meal may even be the guest's first direct impression of a restaurant brand.

"As consumers have gotten more used to off-premises dining, the importance of packaging has increased," says Monica Bowser, corporate marketing manager at **Genpak**. "Packaging can play an important role in takeout and delivery satisfaction. The right packaging can protect the integrity and temperature of food, so it is important for operators to be mindful of how to best serve the food even after it leaves the restaurant."

While packaging is often viewed as a bottom-line expense—not much more than a vessel for food and drink—it can speak volumes, and it can have serious implications for a brand. "I would encourage operators to consider the power of packaging to represent the brand and delight consumers and to see it as an investment that can help deliver an enviable ROI," says Alec Frisch, vice president and general manager of **GP PRO's** Foodservice category. "And that ROI isn't just wishful thinking. Our research found that 67 percent of consumers are willing to pay between 5 percent and 15 percent more for a better delivered meal experience."

Of course, the cost of packaging is a primary concern, but if packaging spills food, breaks, or disintegrates during transit, the customer experience will suffer.



"Don't be afraid to explore options just because something works for now."

Functionality cannot be overlooked.

"The overall experience is not just with the food but with the form and function of the packaging," says Nathan Schultz, director of sustainability at **Inno-Pak**. "Was

it easy to open? Was it easy to use or eat out of? Did the packaging keep everything together or protect food transfer? Ultimately, it comes down to picking the right packaging for your restaurant's specific offerings."

Restaurant operators looking to improve their packaging can start by taking a closer look at how each SKU is used. "Analyze what products are used for each scenario," says Bradley Saveth, SupplyCaddy president and CMO, and C.J. Baker, outside customer success at **Policarta**. "Are there SKUs that can be eliminated? Success in packaging programs is eliminating challenges for your employees and giving your customers ease of use. And remember to experiment. Don't be afraid to explore options just because something works for now."

When spot-checking existing solutions or evaluating new ones, running tests in the real world can help determine how well each type of packaging holds up to



“Packaging is a blank slate that a brand can and should capitalize on.”

a restaurant’s unique needs. “The most impactful action you can take is to test packaging in conditions that match what your customers experience,” says Kurt Richards, director of market development and sustainability at **Anchor Packaging**. “Package your food, get in your car, and drive it around for 20 minutes with the windows down or the air conditioning on. This will quickly identify what packaging will best protect your food taste and presentation—and consequently, your brand.” Today, more consumers are experiencing restaurants first via takeout or delivery, so it makes sense to ensure the packaging will hold food the way it was intended.

“Never settle for products that do not perform to your standards,” says Nathan Foxx, director of category management at **R3 Redistribution**. “Cost can never be the single driving force for the packaging that you put your products in. Anything that decreases your reputation instantly has



negative impacts on customer retention and cash flow.”

In a recent GP PRO survey, 30 percent of consumers said their delivered meal experience was “not as good” as dine-in. Packaging impacts both preservation and presentation, so it’s likely that packaging is the culprit. Preserving the food—its temperature, texture, quality, integrity, and safety—is critical, of course. When it comes to presentation, the appearance of the food in the packaging certainly has an impact, but branding is also part of the equation. “Packaging is a blank slate that

a brand can and should capitalize on with a logo, a branded message, or a discount on a future purchase,” Frisch says.

Branding on the packaging—right down to the print quality of the graphics—can be memorable, for better or for worse. “The first thing consumers notice about packaging is the graphics,” says Mark Schlossman, executive vice president of sales and marketing at **Accurate Box Company**. “In this day and age of posting pictures and videos on social media, consumers are almost as interested in their experience as they are in the overall taste of the food. We have seen some great successes with consumers promoting their favorite food or restaurant simply by sharing photos and videos online.” In these scenarios, the branding on the takeout or catering packaging can help put a restaurant on the map.

Printing technology has advanced in recent years, and operators can drive engagement and increase loyalty by rotating designs without creating any additional cost. “The graphics can change along with every holiday, special occasion, or the launch of a new menu item to drive sales,” Schlossman says. “Even franchises in different locations across North America can each have their own graphics on their packaging to support their local sports team or university. The possibilities are endless.”

Packaging options that met guest expectations in the past may no longer do so. “Quick-service restaurant customers’ profiles have changed and are driven by millennials, Gen X, and Gen Z,” says Akiva Buchberg, inventor and executive chair of **GreenDustries Corporation**. “As those customers become accustomed to innovations, they expect to see and experience real packaging innovations—a package that is sustainable, portable, functional, a package that provides better heat retention as well as an easy and clean way of eating and a package that they can relate to, a ‘cool’ package.”

In today’s rapidly changing environment, operators should consider packaging a critical piece of the operational puzzle when it comes to ensuring a great customer experience.

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Sustainability Goals

Consumers—and governments—are increasingly interested in sustainable foodservice packaging.

It's clear that consumers want businesses—including restaurants—to be more environmentally conscious across the board. Recent research from Simon-Kucher & Partners found that younger consumers are shifting their behavior toward choosing sustainable alternatives. And according to a 2022 survey from Deliverect, 43 percent of consumers are willing to pay more for take-out and delivery from restaurants with visible sustainability practices.

Many restaurants are choosing to make their sustainability commitments visible through their food packaging choices. Paper, for example, sends a clear message. “It makes a lasting impression on consumers when they receive take-out orders in paper packaging instead of plastic, styrofoam, or aluminum packaging that will do harm to the environ-

ment,” says Mark Schlossman, executive vice president of sales and marketing at **Accurate Box Company**.

“Consumers appreciate packaging they can easily reuse or recycle.”



Anchor Packaging

Recyclable packaging has the same impact in guests' eyes. “Consumers want to act sustainably and expect operators to enable that through more sustainable offerings,” says Kurt Richards, director of market development and sustainability at **Anchor Packaging**. “They appreciate packaging they can easily reuse or recycle.”

Sustainable packaging represents an opportunity for restaurant operators to get ahead of the curve. In many areas, if they don't adapt now, they may be forced to do so later. “If you are not into sustainable packaging right now, consider choosing a sustainable option as you revamp your program,” says Nathan Schultz, director of sustainability at **Inno-Pak**. “It is not only good for the environment, but it is also a great story to tell your customer base. It is also a good idea to go sustainable with all the legislative pressure we are seeing.”

Sustainable, reusable, and recyclable packaging ranked first on the National Restaurant Association's list of top 10 food and menu trends this year. Deliverect found that a majority (56 percent) of consumers prefer ordering from restaurants with eco-friendly packaging. Packaging is also drawing more government attention these days—state and federal legislatures are starting to introduce bills that limit or ban non-sustainable packaging like styrofoam and single-use plastics.

Current attention is focused on reducing and eliminating the use of perfluoroalkyl and polyfluoroalkyl substances (PFAS), also called “forever chemicals” because they are known to remain in the environment—and human bodies—indefinitely. In the U.S., 203 PFAS-related bills in 31 states have been introduced. Maine and Washington have already enacted laws that allow state agencies to ban PFAS in

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many products. And this summer, the U.S. Senate Committee on Health Education Labor and Pensions passed the bipartisan Keep Food Containers Safe From PFAS Act. The intent is to ban the use of PFAS in food packaging.

This indicates that sustainable packaging will stay a priority for the foreseeable future. “Foodservice packaging is on the precipice of major change thanks to consumer demand and increasing pressure for sustainability,” says William Chandler, outside customer success at **Policarta**. “Foodservice companies should anticipate these changes and begin investing in and investigating alternatives to current packaging standards.”

Advancements in technology have introduced a wide variety of sustainable packaging materials that are also durable. These include paper-based products made with recycled fiber and polypropylene (PP) and polyethylene terephthalate (PET) packaging designed to be recycled or reused.

“Over the years, massive increases in packaging made from sustainable materials have arisen, aligning with consumer preferences for containers with eco-friendly life cycles,” says Monica Bowser, corporate marketing manager at **Genpak**. “Whether compostable, reusable, or recyclable, the advancements in the sustain-

“Your brand’s sustainability is going to open—or shut—doors for you.”

able composition of packaging align with upcoming generations that place heavy value on sustainability.”

Notably, packaging designs themselves have not changed—due in part to the requirements of the converters that produce them and their *modus operandi*. “We see more operators trying sustainable packaging, but conceptually and structurally, those are the same old packaging only made with ‘greener’ materials,” says Akiva Buchberg, inventor and executive chair of **GreenDustries Corporation**. “But we don’t see any structural improvements of the current commodity-style packaging.”

Beyond innovation in materials, the recycling process is also evolving to accommodate materials that were once relegated to landfills. Two years ago, for example, Georgia-Pacific recycled paper mills in Green Bay, Wisconsin, and Muskogee, Oklahoma began accepting mixed paper bales that contain single-use polyethylene (PE)-coated paper cups. PE

coatings were once considered non-recyclable, but repulping trials showed these mills are able to recapture fiber from paper cups while screening out PE coatings. The fiber is reused to make toilet tissue, napkins, and paper towels.

“As technology advancements support our ability to source materials and create products, they also have a play in infrastructure for packaging’s end of life,” says Alec Frisch, vice president and general manager of **GP PRO**’s Foodservice category. “We are looking forward to the time when the infrastructure to support the back end is more complete and more broadly accessible.”

Services and facilities vary by city and region, and depending on a restaurant’s location, different types of packaging materials may still be more or less sustainable than others. If a local brand uses packaging that can’t be recycled or composted in its area, it risks accusations of “greenwashing” or misleading its customers about its positive environmental impact. “While most operators mention compostability and recyclability when defining sustainable packaging, many operators also note that what counts as sustainable in one place may not in another depending on the local infrastructure,” says Nathan Foxx, director of category management at **R3 Redistribution**. “If an operator is in an area without a local recycling or composting program, they may not consider recyclable or compostable packaging a very sustainable choice.”

Also, while consumers clearly want sustainable packaging, they still aren’t widely familiar with the details. “There is a strong opportunity for sustainable packaging in foodservice due to strong interest at all levels,” Foxx says. “But there are issues of sub-par understanding and awareness that have to be overcome.” To get consumers to see their deeper commitment, brands may need to educate.

“Sustainability might feel like the newest buzzword or fad, but it’s really here to stay,” says Nathan Kraatz, marketing specialist at **Inno-Pak**. “As millennials step into their purchasing power, and Gen Z behind them, your brand’s sustainability is going to open—or shut—doors for you.”