

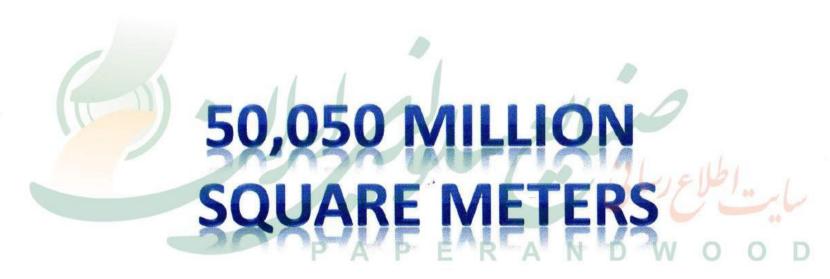
#### **Trends and Developments**

IN THE FMCG INDUSTRY

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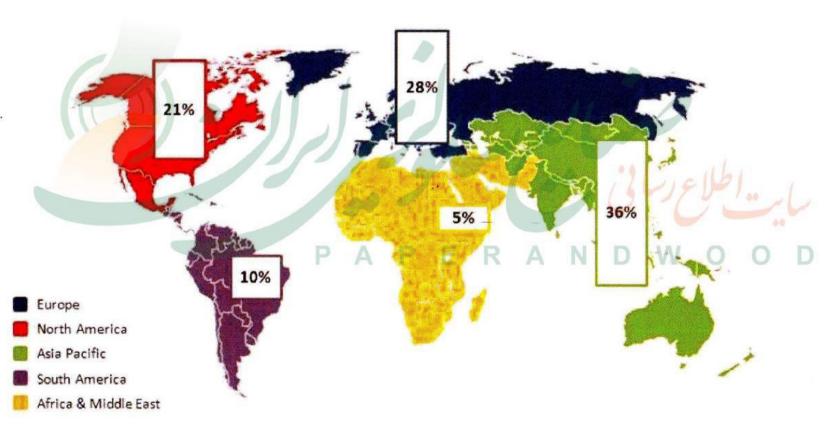
#### World Demand for Labels





#### World Demand for Labels

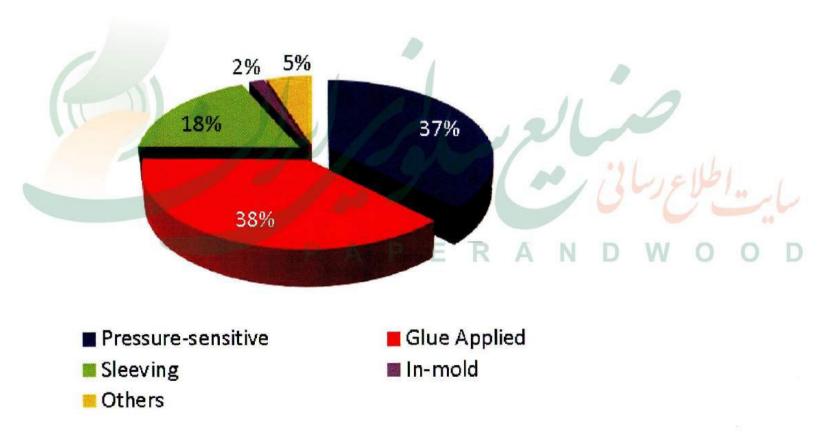




Source: AWA - European Label Market Study 2013

## World Market Share by Labelling Technology





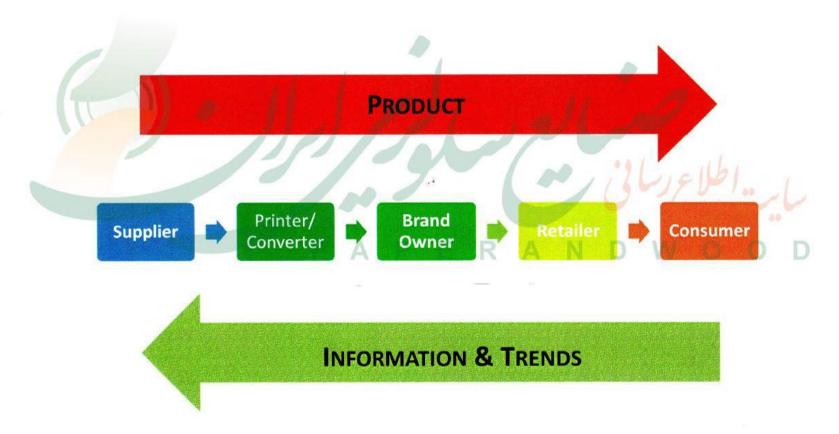
## World Market for Flexible Packaging



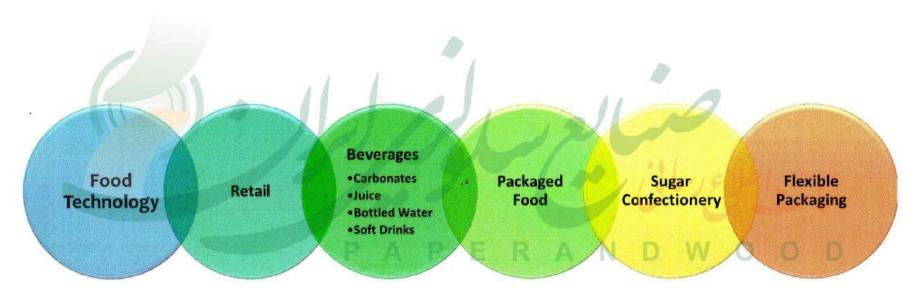


## Supply Chains, Coepitition and the Influence of the Consumer











demand for packaging technology

Food Technology 2013: imported food processing machinery & packaging equipment = \$ 191.1 million

just over 12,000 firms in Iran's food industry



large number of independent outlets

Traditional shopping culture

international sanctions hampered growth

decline of purchasing power changed shopping behaviour

Retail



consumption started to increase again in 2014

**Carbonates** 

Sales growth hampered by: more alternatives & health concerns

weakest performance of all the soft drinks categories over the next few years expected



Very dynamic category in 2014

Juice

culture of consuming fresh fruits in large quantities gradually packaged fruit juice = healthier alternative to other soft drinks

rapid increase of per capita consumption in 2014: due to more flavours & significant improvement in packaging



relatively new product

Bottled Water consumption mostly in key urban areas

highly fragmented competitive environment

still a very immature category strong potential for growth for the next five years.



2013: a volume decline (the first during the last 10 years)

2014: sales gradually came back on track

low base remains main driver of growth

**Soft Drinks** 

rapid improvement, which is linked to changes in consumers' behaviour

domestic production remains popular even for multinational brands

healthy growth trend is predicted for the next five years



main driver of growth: Strong demand from the young population

Decline in purchasing power due to strong inflation

Packaged Food highly fragmented market

Artisanal products = dominant

dominant distribution channel = independent small grocers absence of giant multinational retailers

Demand is expected to grow due to the large young population, rapid urbanisation & improved retail systems



Sales of packaged modern sugar confectionery very immature

traditional forms: enormous popularity

Sugar Confectionary under the control of three domestic manufacturers: Nejati Industrial Group (Anata), Dadash Baradar Co, Shirin Asal Co

expected to continue with steady growth due to expanding activities of leading domestic suppliers & the introduction of multinational brands



Middle East market: expected growth of 4.3% a year over the next five years

Middle East's largest flexible packaging markets: Iran & Saudi Arabia

Flexible Packaging

key factors driving growth:

- -) increased investment in food production & processing
- -) increased manufacturing capacity
- -) growth in modern retailing & penetration of prepacked foods

Iran currently imports just 6.5% of its flexible packaging, mostly from Turkey (packaging for cigarettes, butter & chewing gum)





- Consumer Buycott & Holistic Sustainability
- Confectionary & Packaging
- Clean Label
- Water, Soft Drinks & Near Water Beverages
- Premiumisation & Luxury Packaging
- Storytelling

**TRENDS** 

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## CONSUMER MATURITY AND THE RISK OF "BUYCOTT"

BEING REALLY SUSTAINABLE TAKES MORE THAN WEIGHT REDUCTION

#### **CONSPIRE WITH YOUR COSTUMERS**



PEOPLE WANT TO BUY PRODUCTS AND SERVICES WITH A POSITIVE ENVIRONMENTAL AND SOCIAL IMPACT, WITH SUSTAINABLE PACKAGING FEATURING AMONG THEIR TOP CONCERNS.

Waste features as one of the top concerns for companies to tackle, and

CONSUMERS ARE PREPARED TO BE BOYCOTT BRANDS THAT THEY CONSIDER TO BE ACTING IRRESPONSIBLY.

#### READY TO SWITCH OR BUYCOTT

[Source: Cone Communications/Echo Global CSR Study, 2013]



Boycotted (refused to purchase) a company's products/services upon learning it behaved irresponsibly

PAP

If I learned of a company's irresponsible or deceptive business practices, I would stop buying its products.



#### TRUE SUSTAINABILITY & BRAND

#### **PREFERENCE**

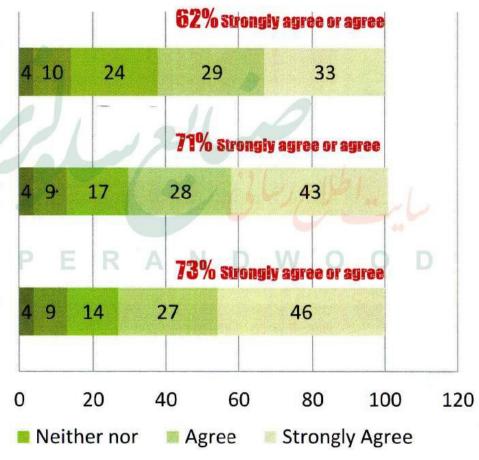
(Source: Madano, 2014 - Base 3031)



I would feel negatively towards a company that didn't use the most environmentally friendly packaging available when it could

I would feel better about the beverage company if their packaging was made of recycled material

I would feel better about the beverage company if they supported recycling



Strongly Disagree

Disagree



## BEING REALLY SUSTAINABLE TAKES MORE THAN WEIGHT REDUCTION



# IT IS NOT ALL ABOUT REDUCTION OF CO2 PEITHER



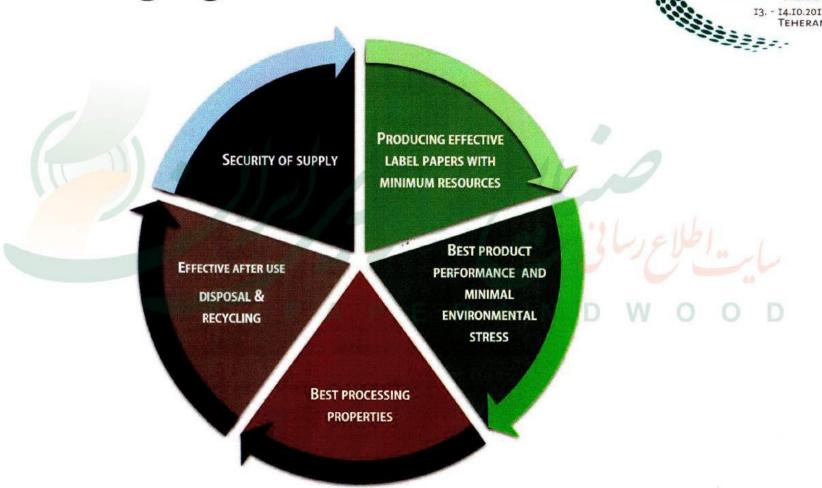
# LOWER YOUR TOTAL ENVIRONMENTAL IMPACT!

## Ingredients of Sustainable Packaging



- . REDUCING PACKAGING AND MAXIMIZING THE USE OF RENEWABLE OR REUSABLE MATERIALS
- Using materials WHICH REDUCE NEGATIVE END-OF-LIFE
- . Using materials which are FROM CERTIFIED, RESPONSIBLY MANAGED FORESTS
- DEMONSTRATING COMPLIANCE WITH REGULATIONS REGARDING HAZARDOUS CHEMICALS AND LEGISLATION SUCH AS THE MODEL TOXICS
  IN PACKAGING LEGISLATION OF THE TOXICS IN PACKAGING CLEARINGHOUSE (TPCH), FORMERLY KNOWN AS CONEG, AND THE EUROPEAN
  DIRECTIVE 94/62/EC, PACKAGING AND PACKAGING WASTE
- OPTIMIZING MATERIAL USAGE INCLUDING PRODUCT-TO-PACKAGE RATIOS
- MEETING CRITERIA FOR PERFORMANCE AND COST (E.G., MINIMIZE PRODUCT DAMAGE DURING TRANSIT)
- REDUCE THE FLOW OF SOLID WASTE TO LANDFILL
- . REDUCE THE COSTS ASSOCIATED WITH PACKAGING (I.E., LOGISTICS, STORAGE, DISPOSAL, ETC.)
- REDUCE co2 EMISSIONS

## Beyond Sustainable Packaging ...



## B&B embraces the triple bottom line principle:



- PLANET (360° environmental care)
- PEOPLE (social competence)
- PROFITABILITY (competitive advantages, brand reputation, healthy bottom-line)







CONFECTIONARY & PACKAGING •



## Influence of Retailers on Packaging





https://lh3.googleusercontent.com/-PsSm3U8GZ28/VLjsGQpiBdI/AAAAAAABj0/a-Vqrc3BPPg/s319-p/g2.jpg http://www.packagingunlimited.com/uploads/image/NewPortfolioPages/ContractPackagingLayout.jpg

### Consumer Packaging Preferences





Rochester Institute of Technology - Scholar Works: Jillian Sinclair: "A comparison of material preferences by chocolatiers and consumers", 2007

#### Global Chocolate Industry





**Driving markets:** 



#### **Trends**









http://blogs-images.forbes.com/eustaciahuen/files/2015/04/CADBURY-SPECTACULAR-7-1-1940x590.jpg

#### Cocoa Supply



DEMAND

could exceed

by

1m metric tons

by 2020



KPMG: "A taste for the future, p.12

Picture source:

http://cognitivebehaviortherapycenter.com/wpcontent/uploads/2015/03/Uneven-Balance.png

## Sustainability Remains a Key Challenge



A STRATEGIC APPROACH IS NECESSARY ...

... to improve

- ▶brand value
- **>** yields
- >consumer trust

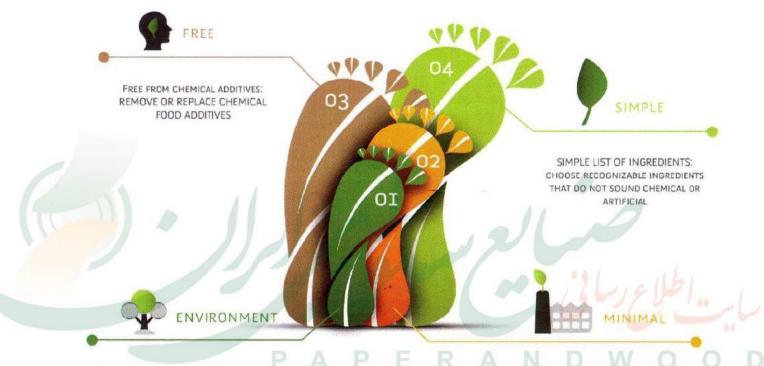






CLEAN LABELA PERAND

## Successful Components of Clean Labels



CERTAIN TYPES OF PACKAGING ARE MORE SUSTAINABLE THAN OTHERS. WOOD USED TO MAKE PACKAGING CAN BE VIEWED AS A SUSTAINABLE MATERIAL.

TREES ABSORB CARBON AND WOOD WILL THEREFORE STORE CARBON.
WELL-MANAGED FORESTS WILL

PRODUCE A GREATER YIELD OF WOOD PER HECTARE AND WILL INCREASINGLY
ABSORB CO2 FROM THE ATMOSPHERE. IF THIS
PRODUCT IS SOURCED FROM RENEWABLE WOODLAND, IT CAN LOWER THE
ENVIRONMENTAL IMPACT. IT COULD THEREFORE BE
CLASSED AS HAVING A BENEFICIAL EFFECT AND REDUCE THE CARBON

NEFICIAL EFFECT AND REDUCE THE CARBON FOOTPRINT. MINIMALLY PROCESSED: PROCESS
FOODS USING TRADITIONAL
TECHNIQUES THAT ARE UNDERSTOOD
BY CONSUMERS AND NOT PERCEIVED AS
BEING ARTIFICIAL.



## CLEAN LABEL CLAIM GROWTH A global phenomenon







# WATER, SOFT DRINKS & D W O O D NEAR WATER BEVERAGES

#### **Consumer Trends**



- Health and nutritional concerns
  - → low- or no sugar options
- Growing demand for new, natural plant-based sweeteners
- Rise in energy drink
   consumption

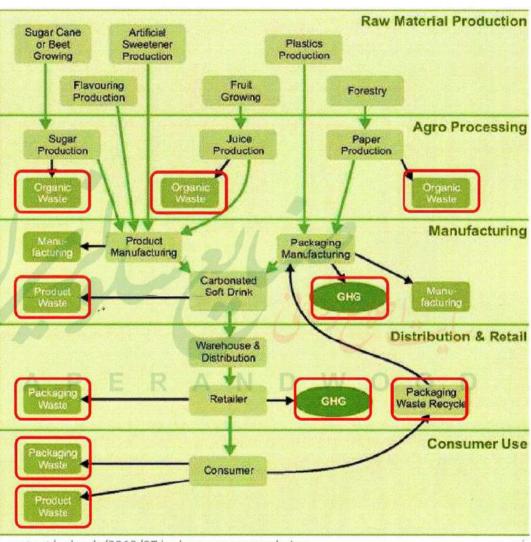


Picture source: http://images.sciencetimes.com/data/images/full/1601/energy-drinks-may-not-be-safe-for-kids.jpg

**Greening Soft Drink** 

Packaging





 $http://ecocentric.gingerdomain.netdna-cdn.com/site/wp-content/uploads/2013/07/reduce-reuse-recycle.jpg \\ http://ww1.prweb.com/prfiles/2008/03/05/83479/ssfootlogo1copy.jpg$ 

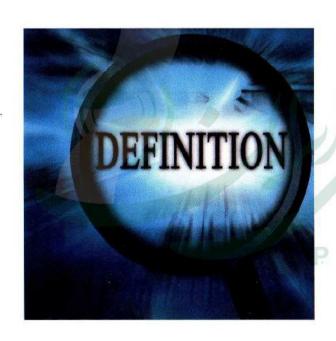




# PREMIUMISATION & ANDWOOD LUXURY PACKAGING

### Premiumisation





- of exceptional quality or greater value than others of its kind
- of higher price or cost

Opposing forces in the market IRAN SUMMIT 2015 **Premiumisation Economisation** "Better is "Good is enough" better **Drivers of premiumisation:** Urbanisation Young adults Female employment Declining birth rates Single person households Ageing population

Source: Presentation "Premiumisation" Diageo, 16 April 2010

# There are many routes to premiumisation RAN SUMMIT 2015 Ingredients Production Storytelling **Packaging** Source: Presentation "Premiumisation - A Carlsberg Scoup perspective

## Luxury Packaging

| RAN SUMMIT 2015 | 13. - 14.10.2015 | TEHERAN

... is not a ,, NICE TO HAVE"

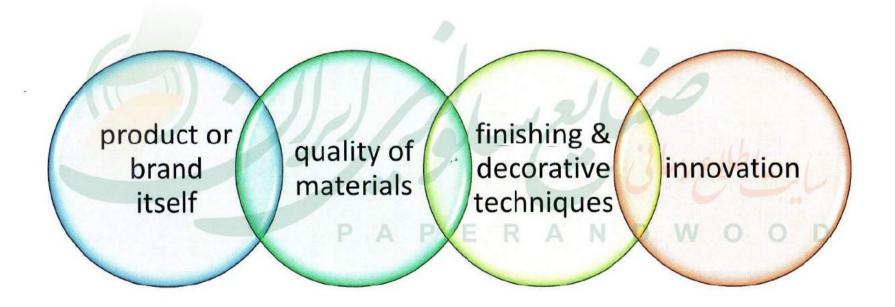




... for luxury products.

# Factors of Luxury Packaging

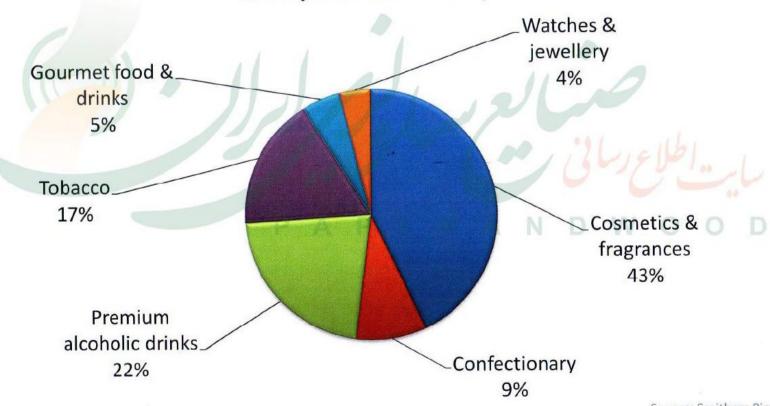




## Luxury Packaging | Application markets

IRAN SUMMIT 2015
13. - 14.10.2015
TEHERAN

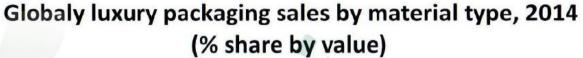
Global luxury packaging sales by end-use sector, 2014 (% share of value)

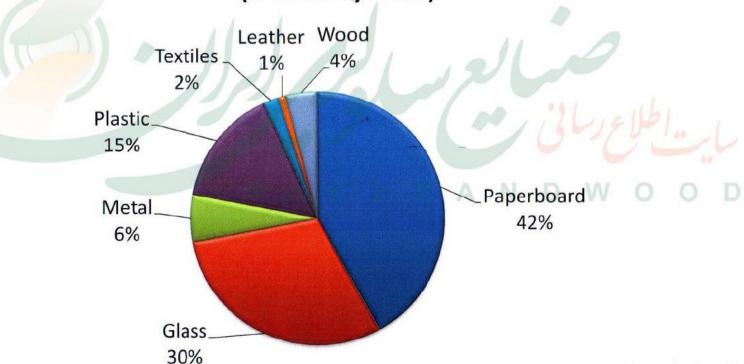


Source: Smithers Pira, 2015

## Luxury Packaging | Packaging Material







Source: Smithers Pira, 2015



# AMONG ALL THE TRENDS IN THE LUXURY PACKAGING MARKETS, TWO STAND OUT:

IRAN SUMMIT 2015

13. - 14.10.2015

TEHERAN

#### Personalisation

#### Sustainability







IS THE OLDEST FORM

OF PASSING KNOWLEDGE

BOT 1

IT IS ALSO

A POWERFUL MARKETING TOOL!

## Storytelling is ...



... A WAY OF TRANSMITTING A MESSAGE IN AN ENTERTAINING AND MEMORABLE MANNER.

#### Examples range from

- fictitious movies (e.g. Lego)
- visual stories on websites (e.g. Bellroy slim your wallet)
- "behind the scene" insights of how products are sourced/manufactured (e.g. Honest Tea – Origins)

# Storytelling is not just for campfires...



... corporate storytelling can

**INCREASE REVENUE** and

IMPROVE CUSTOMER LOYALTY

P A P GOOD STORIES

COMPEL PEOPLE

TO CHANGE:

THE WAY WE FEEL

THE WAY WE THINK

THE WAY WE **ACT** 

THE WAY WE **BEHAVE** 



... to ensure that your **AUDIENCE**does **NOT FEEL SOLD**, but instead
is **LED DOWN A PATH** that arrives
at the destination or desired action.

THE KEY IS .P. A PERANDWOOD

## A Good Story is ...



- AUTHENTIC & CREATIVE
- makes an EMOTIONAL and PERSONAL CONNECTION
- inspires ACTIONA PERANDWO OD
- takes the audience on a JOURNEY

#### This presentation examined:

- Relevance of trends & developments in the FMCG industry
- Trends & developments in selected Iranian markets
- Global trends



# THANK YOU FOR YOUR ATTENTION!

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