

8. Expert Opinion

8.1 Steve Osborne, Managing director, Osborne Pike Limited

8.1.1 Trends Driving the FMCG Packaging Market

Visiongain: What would you say will be the key trends and development over the next decade in the FMCG packaging market?

Steve Osborne: Looking forward 10 years in any industry is both exciting and prone to gross exaggeration or under-estimation. If you'd asked me in 2002 what the FMCG landscape would be like today, I think I'd have expected bigger advances in packaging development than we've seen, at least on the surface. But based on what's been going on under the surface, I think we can expect to see some very visible things happening in the next 10 years.

What's been happening is that we consumers have been getting a lot smarter. We have become used to smart software such as Google's almost magical Search technology, smart media like YouTube, The Huffington Post and thousands of intelligent blogs, smart devices to help us consume media, learn and interact in new ways, and smart shopping, like Amazon or ComparetheMarket.com. Yet pop into a supermarket in most of the world, and you'd struggle to spot any differences from the same experience in 2002: You'll still be pushing a creaking trolley loaded with shiny packaging to a crowded checkout, even if some of them are now unmanned.

Packaging design is driven by several forces, so trends in each have to be taken into account when attempting to predict the future. I'd say that the main influences are protection, production, distribution and marketing. Sustainability is also a clear driver, and the painfully slow progress that has been made here in the last decade may speed up exponentially if the packaging world goes digital as quickly as some other industries have.

But one thing that most consumer goods can't digitise is the product - so don't expect any downloading of your favourite brand of deodorant or chocolate dessert anytime soon. Packaging's primary role remains to protect and help deliver the product in the best possible condition. Likewise factories remain one of the most efficient ways to make goods in the quantities required by a growing world, so I don't see production lines and their attendant restrictions changing markedly in the next 10 years.

But I think we can expect bigger changes in the role of packaging as a marketing tool, with some interesting knock-on effects...

8.1.2 Emerging Market Entry Challenges

Visiongain: Do you think packaging and communication need to be adapted to enter emerging market?

Steve Osborne: Changes have been made by big FMCG brands in term of packaging size to sell product at low price tag. These products will typically be the same size as “give away” in developed markets, but in emerging countries these small samples packs are sold at low price to target lower income class.

However in terms of design and communication often FMCG companies do not adapt their packaging for emerging markets. Consumers in emerging market seem to be attracted by Brands that sell products from developed market due to their western image. I had the occasion to work for FMCG brands on packaging design to enter emerging markets. When I was thinking about adding a local element to the packaging often the client would insist to make the packaging look similar to the original packaging sold in more developed markets. Many consumers in developing market want to buy these products because they are consumed in developed market and feel successful by imitating the western way of living.

Furthermore, the interest in Western packaging and communication forms can also be seen by the pride in using western packaging machinery in emerging markets. For instance, China’s leading water brand Wahala (until recently a joint venture with Danone) offers both source and manufactured products, but takes equal if not greater pride in the latter’s technological achievements: ‘Wahala purified water takes the reverse-osmosis high-tech from the US, and the first-class facilities of the whole production line, including the production of bottles and caps, the filling and labelling, are all imported from foreign countries like France, Germany, Japan and Italy.

8.1.3 Design and Communication Evolution in FMCG Packaging

Visiongain: What trends do you think will shape FMCG packaging design over the next decade?

Steve Osborne: The situation is very different between emerging markets and the more mature developed markets. In mature markets, some FMCG brands have focused on cost cutting over the past years and opted for standardised, cheaper pack formats. Now they are suffering from the competition of smaller entrepreneurial firms who have invested heavily in their packaging as a communication medium. Firms such as innocent have used packaging very effectively to communicate their story and these entrepreneurial firms gained significant market share with this direct approach. This led big FMCG companies to react, either by paying closer attention to their packaging or by buying these small entrepreneurial competitors. FMCG companies usually choose the latter strategy as they cannot really compete against stories about ‘the little guy with guts and passion’. Consumers are not easily duped and tend to understand how multinational companies operate.

In emerging markets, design and communication should not see major changes from now and consumers will be eager to buy western products as it will be a sign of economic improvements and success. On the other hand in developed markets, educated consumers tend to be tired of flashy design and corporate communication. I often have clients who ask me to design a packaging so that it looks like it was not designed. The trend towards healthier eating and natural food will probably contribute to the growth of simple packaging and design in developed market. Simpler designs include an army of Dorset Cereals copies using brown cardboard to communicate on the less processed aspect of the product.

8.1.4 The Sustainability Challenge

Visiongain: Due to sustainability concerns do you think packaging will evolve toward more simplification, with reduced number of layers and overall more sustainable packaging?

Steve Osborne: The trend to reduce packaging is not new and has been going on over the past 20 years, I remember in Germany several years ago there was a legal obligation for supermarkets to allow consumers to leave behind packaging in the store. Many forecasted that supermarket will just be lines of cardboard boxes with products inside in a hard discount supermarket fashion. But the market is simply too competitive for FMCG brands to abandon packaging because it is a powerful communication and brand identity medium. Consumers are not ready to pay a premium either for more sustainable packaging. FMCG brands will become more sustainable if it is actually profitable for them to do so in terms of brand image, costs and sales volume.

8.1.5 Key Markets for Growth

Visiongain: Do you see any geographical regions where FMCG packaging will experience significant growth over the next decade?

Steve Osborne: Consumption of FMCG products and packaging naturally evolves with economic growth. It has been proved many times. Therefore emerging market such as India or China are definitely regions where FMCG consumption will increase.

8.1.6 The Impact of Digitalization on FMCG Packaging

Visiongain: How do you think digitalization will impact FMCG packaging design?

Steve Osborne: With the growing use of mobile phone and the digitalization trend, consumers are more informed on the products they buy and are influenced by online consumer feedback. Today, FMCG companies have to build a strong online presence to capture and retain consumers. This is interesting for packaging as it gains a new dimension. Packaging might increasingly become a portal to the online brand community through the use of QR codes.

It could also have a significant impact in packaging design. I remember when I designed my first international packaging for a big toothpaste brand; we had to include the legal text in 12 languages! It was not interesting and difficult to read because of the text size but it was mandatory. If regulation permits in the future, we could imagine minimalist packaging design using QR codes to displace texts and other legal information on an online platform. Elements that would remain on the package will not be constrained by regulation and will allow for more creativity in packaging design.