



The Biofore Company **UPM**

Unseen is unsold:

CLEAR PACKAGING AND CLEAR LABELS DRIVE FOOD SALES



UPM RAFLATAC

EXECUTIVE SUMMARY

Clear packaging is transforming the food industry, enabling manufacturers to showcase food quality and motivate purchases at the “zero moment of truth” when buyers walk supermarket aisles.

While many clear packaging forms require costly investments and in-depth testing, PET clamshells provide manufacturers with an easy and affordable way to attract consumers. Clear labels enhance product presentation, while also giving brands valuable visual real estate to provide essential consumer and regulatory information. Additionally, innovative ultra-thin PET labels deliver important business benefits to converters and end-users.

This white paper features an in-depth interview with Dr. R. Andrew Hurley, Assistant Professor of Packaging Science at Clemson University and Research Associate at the Sonoco Institute of Packaging Design and Graphics. Dr. Hurley uses groundbreaking biometric research to assess consumers’ reactions to diverse packaging forms, ensuring that brands receive maximum ROI from these investments.



“Unseen is unsold in the food industry.”

– Dr. R. Andrew Hurley, Clemson University and Sonoco Institute of Packaging Design and Graphics

Transparent advantage: How clear packaging and clear labels are transforming food marketing and sales

In the war to win customers, food manufacturers leave nothing to chance. Research studies, new product varieties and packaging innovations are all weapons companies wield in the race to drive food sales and increase customer loyalty.

However, the reality is that many new product launches won’t meet with success. “In the fast-moving consumer category, which most packaged food falls within, 93% of product launches are failures,” says Dr. R. Andrew Hurley of Clemson University and the Sonoco Institute of Packaging Design and Graphics, when interviewed for this white paper. “You have to stand out and disrupt the category that you’re in to succeed.”

Packaging plays a critical role as an attractor as consumers walk store aisles. More than one in three customers have purchased a brand-new product because the packaging caught their eye when they were searching for products in refrigerated or frozen foods; personal, beauty care and fragrance; and takeout food and beverages.¹

But connecting with consumers is harder than ever. “Some people call the connection you have with the package before you touch it the ‘zero moment of truth,’” says Professor Hurley. “Over 68% of products aren’t even looked at, so that fight for the first moment of recognition is critically important.”

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In this white paper, we analyze how clear packaging and labels boost food product sales, while providing complete transparency about food quality, freshness and other vital product information. We argue that PET clamshells and ultra-thin PET film labels are emerging as a winning solution for fresh food labeling, as they provide brand owners with a new way to showcase food effectively, while meeting performance, cost, and sustainability needs.

Additionally, using 0.92 mil. PET film labels can provide significant advantages for converters, as they seek to drive productivity and other critical operational advantages. In a just-in-time manufacturing world with razor-thin margins, ultra-thin PET labels can help add value, while reducing production time and costs.

A new way of seeing food packaging and labeling

Food is big business. Time-starved consumers are willing to pay premium prices for specialty and pre-packaged foods. In the marketplace, fresh casual restaurants are flourishing, while grocery store customers increasingly treat their favorite retailer as one big takeaway shop.

More than one in two shoppers believe that it's important to see a product through its packaging,² and one in three of shoppers gauge how fresh a product is by its appearance rather than its use-by date.³

"Is it better to see the product or just show it with a graphical representation? We've conducted that study three times in different categories, and we've found a tremendous difference between displaying even a small view of the physical product compared to graphically representing it or not showing it all," says Professor Hurley. "Clear packaging is a way to accommodate consumers' need to view and evaluate products. Packaging and products must work together symbiotically to convey the right message to consumers."

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Clear packaging showcases food freshness and quality

Simply Orange is a major case in point for how putting a tried-and-true product – fresh juice – in a new clear package can boost sales. Numerous companies followed suit.

Therefore, clear packaging is now considered the first and best choice for a wide array of products, including orange juice, snacks and baby foods, deli meat, yogurt and more. However, it doesn't work with all foods, as numerous trade journalists and Professor Hurley stress. Foods that don't present clearly, such as dusty or breakable foods or items prone to separation, may not be good choices for a big reveal.

Increasingly, clear packaging isn't just about glass and rigid plastic: It also encompasses flexible pouches, transparent wrappers,⁴ peel-and-seal thermoform packages – and PET clamshells.

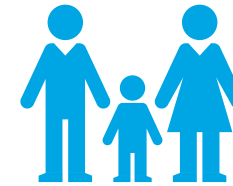
With the exception of PET clamshells, which are used to package fresh food and other goods, making the switch to clear packaging often takes sizeable investments of time and money. Brands and their converter partners undertake a careful analysis of new options; execute trials to ensure new forms will provide consistency, quality and performance; and execute global launches with military precision.

Professor Hurley and his team take the guesswork out of which packaging types will resonate with consumers. They use biometrics to track consumers' reactions to packaging forms by measuring their rapid eye movements, blood flow and skin reaction in Clemson University's research lab, the CUshop.⁵ "If you are considering a packaging redesign or a change like a new material, a new ink or a window, we can tell you with a high degree of precision if that change will have a direct impact on your ROI," says Professor Hurley.

SOLD! CLEAR PACKAGING AND LABELS HELP MAKE THE SALE TO TODAY'S FOOD SHOPPERS

Consumers' tastes are changing. Are brands, packagers and printers ready to meet their needs?

Who are today's shoppers?



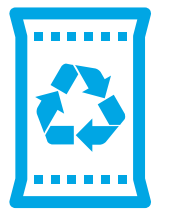
On-the-clock families:
Want easy to assemble or prepared meals.



Time travelers:
Take your meal with you and microwave it, at work and at play.



Flying solo:
Buy pre-portioned food, reducing waste and cost.



"Green worriers":
Reuse or recycle packaging.

What do food buyers want?



Eyes on the prize:
1 in 2 want to see a product through its packaging.



Healthy and good:
1 in 2 gauge freshness by appearance, not a use-by date.

Plastic or paperboards? In a research study, consumers overwhelmingly choose consumer goods packaged in PET clamshells. These items:

- HAVE 675% MORE FIXATIONS
- HAVE 343% LONGER FIXATIONS
- WERE FOUND 40% FASTER
- WERE PURCHASED 402% MORE



With so many items crowding grocery store shelves, "Unseen is unsold in the food industry."

– Dr. R. Andrew Hurley, Clemson University and Sonoco Institute of Packaging Design and Graphics

Sources: Packaging Digest, MWW Packaging Matters Study, Mintel blog, CUShop research, interview with Professor R. Andrew Hurley.

Build brand with clear labels while meeting strict regulations

Clear thin film labels extend brand appeal, offering a transparent canvas for branding products with creative graphics and art and providing detailed product information. With tightening regulations, food manufacturers are now required to provide extensive information, including ingredients, nutrition, calories, serving sizes, use-by dates, allergens – and more. This requirement often increases label size. When brands use paper labels to provide detailed product information, they can cover most or all of the packaging form, blocking food items from shoppers' gaze.

Until now, brand owners and converters have typically turned to shrink sleeves and 2.0 mil. or 1.6 mil. PP films for a high-end look. While both options convey quality, they come with some drawbacks. Shrink sleeves are costly to produce, consume significant energy and can't be removed with a water wash. As such, they aren't sustainable because they contaminate PET waste streams.

Meanwhile, PP films, which are the go-to choice for many brand owners, don't have as clean a look as ultra-thin PET films, which disappear on packaging forms. Additionally, they don't convert as effectively as ultra-thin PET rolls, which requires fewer changeovers and produces less waste.

Direct printing, another option, requires that brand owners make bets on future product sales by stocking inventory and committing to large print runs. With ultra-thin PET labelstock, brands can trial new products, introduce product varieties and serve niche markets easily and cost-effectively.

Clear labels help brands make the sale



Clear ultra-thin PET film labels help food producers meet regulatory requirements without detracting from the product presentation or label look.

BRAND APPEAL: CLEAR PACKAGING AND LABELS DELIVER THE GOODS FOR FOOD MANUFACTURERS

Packaged food sales reached \$2.4 trillion in 2014.

Product introductions and varieties boost sales. Yet 93% of all consumer product launches fail.

— Clear packaging and clear labels are designed for business. They help food brands: —



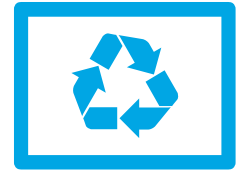
Boost revenues:
Clear packaging adds value, drives sales.



Enhanced branding:
Try new shapes, colors, inks with ultra-thin "invisible" PET labels.



Drive sales:
A study found clear clamshells delivered 4X sales over paperboard.



Be sustainable:
PP labels can't be recycled, but 0.92 mil. PET labels can.

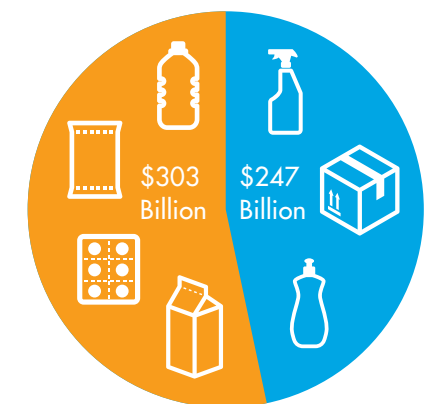


Provide information:
Describe ingredients, nutrition, calories, serving sizes, use-by dates, allergens, and more as required. Meet regulatory requirements for information without covering the product.



Lock eyes:
Some studies show that clear packaging results in longer and more looks, or "fixation," increasing the chance of impulse buys.

55% OF ALL GLOBAL PACKAGING DOLLARS ARE SPENT ON FOOD AND BEVERAGE PRODUCTS.



Sources: Euromonitor, interview with Professor Andrew Hurley, CUShop research, UPM Raflatac, Exclusive Multibriefs.

Sustainable solutions reduce packaging

Today's consumers are actively searching for ways to reduce their impact on the environment. Some 87% are "green worriers," concerned about climate change, and one in four feel guilty when they do something that's environmentally unfriendly.⁶

Brand owners and converters have an opportunity to use clear packaging and labels to connect with customers and alleviate their environmental guilt.⁷ Lightweighting; brand messaging about sustainability; and reporting on the three Rs – reducing, reusing and recycling – can help food manufacturers build meaningful relationships with the customers they serve, as well attract buyers who select brands by whether they are good environmental stewards.

Just as importantly, brand owners and converters can use environmentally friendly packaging and recyclable labels to deliver on their sustainability commitments: using less material and energy and reducing production and landfill waste. And as Professor Hurley points out, boosting product sales and creating a positive inventory system are also critical to ensuring sustainability, minimizing the need to dispose of expired foods.

Clear PET clamshells are an affordable way to showcase fresh foods

Clear packaging is heading in interesting directions with the resurgence of the PET clamshell.

Thin PET clamshells have also long been a mainstay in grocery store deli counters and bakeries. Generic and recyclable, clamshells are typically used for fresh food where packaging cost trumps innovation.

However, it's time for fresh food producers to take a second look at PET clamshells, as their branding appeal is no longer an open-and-shut case.



Paperboard

VS.



PET Clamshells

In a controlled research study conducted in 2012, Clemson University and Klöckner Pentaplast teamed up to compare how PET clamshells performed against paperboard boxes in motivating customer interest and buying decisions.

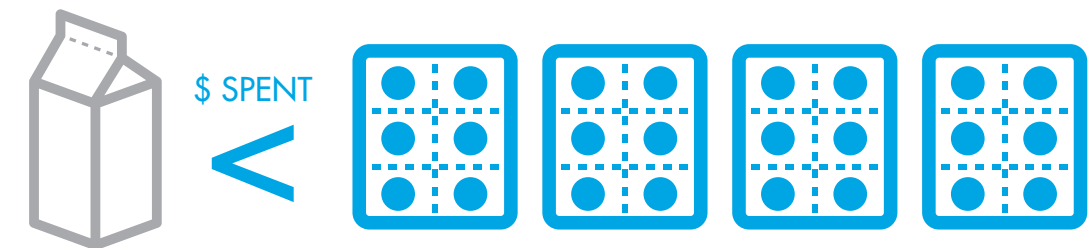
Researchers evaluated 68 subjects who wore eye-tracking glassware in the university's CUShop. Each participant was given a shopping list of items, including an electric toothbrush, men's razor and air freshener, which were packaged two ways – in a clear plastic clamshell and a paperboard box.

So what were the results?

Participants overwhelmingly chose PET clamshells over paperboard containers, looking at them longer and more frequently and selecting them more often. Additionally, nine out of 10 participants said they perceived the plastic containers to be higher quality and more tamper-resistant than the paperboard.⁸

"In our research, there are three important metrics – the time to first fixation, or how fast you find the product; total fixation duration, or how long you look at a product; and fixation count, or how many times you looked at the product and where your gaze fell. Brands obviously want you to find products easily and look at them longer, because it increases the chance you'll buy their products," says Professor Hurley.

Consumers prefer clear packaging to paperboard



Paperboard

PET clamshells selected 4X more

Shoppers like to see products before they buy them. In a research study conducted at Clemson University's CUshop, buyers chose to buy consumer goods packaged in plastic PET clamshells 402% more than paperboard.

Doubling down on PET

Together, PET clamshells and 0.92 mil. PET labels prove to be a winning combination for packaging fresh food. For manufacturers looking to showcase these products, PET clamshells offer an unbeatable combination of clarity, protection and low cost. Meanwhile, ultra-thin film labels can elevate product presentation by providing an invisible backdrop for art and lettering, at a price that's equivalent to – or lower than – paper labels. Attractive, sustainable and high performance, 0.92 mil. PET film labels provide a virtuous circle of benefits that both brand owners and converters can enjoy.

In addition to offering their customers a high-value solution, converters who use 0.92 mil. PET labels create significant new operational advantages. Converters can run rolls of 0.92 mil. PET labels longer, driving daily throughput and reducing waste. Lighter, longer rolls of ultra-thin PET labels generate more labels, can be stored more efficiently and decrease logistics costs.

"Unseen is unsold in the food industry," says Professor Hurley. Together, PET clamshells and ultra-thin 0.92 mil. PET film labels can position products to their best advantage, turning consumers' visual interest into ongoing sales and helping manufacturers and converters take a sizeable bite out of the competition.



Ultra-thin PET labels mean business

Ultra-thin 0.92 mil. PET film labels are an important emerging choice for clear packaging. These clear labels are uniquely equipped to help critical stakeholders accomplish important goals.

BRAND OWNERS

Enhanced branding

- Provide a no-label look, allowing the product and brand to shine through
- Reveal more of the product
- Maintain invisible appearance and resistance in the face of moisture or chemicals

Premium products

- Position goods as premium on crowded market shelves
- Showcase product quality and freshness
- Differentiate items from competitors' offerings

Buyer fixation

- Use unconventional shapes, graphics and transparent and metallic inks to spur shopper interest
- Hold buyer gaze longer
- Motivate impulse and repeat purchases

Packaging investment

- Enable brands to do smaller-scale product introductions or cost-effective runs of custom goods
- Reduce or eliminate inventory of preprinted bottles and cans by applying transparent labels directly to packaging forms
- Decrease the risk of stocking obsolete packaging

Sustainability

- Deliver on corporate sustainability objectives
- Motivate product sales, driving turnovers and creating a positive inventory system
- Use labels that can be recycled with glass, cans and PET containers
- Appeal to eco-conscious consumers

Innovation

- Test new products cost-effectively
- Release product extensions for niche markets
- Update existing product lines more easily

CONVERTERS

Consolidation

- Consolidate label buying with an all-in-one film label stock that works for myriad end-uses including food and beverage, personal and healthcare and more

Empowerment

- Offer boutique product manufacturers the same high quality label solutions global brands have access to

Productivity

- Drive productivity by using longer rolls that require fewer changes
- Increase daily throughput, strengthening margins

Reduce waste

- Use less material
- Reduce waste

Warehousing

- Save on storage space, by stocking fewer products and thinner material rolls

Shipping

- Ship more labels per truck or reduce weight of shipments with thinner labels
- Use fewer packing materials

CONVERTED! CLEAR PACKAGING AND LABELS ARE A PRINTER'S BOON FOR FOOD APPLICATIONS



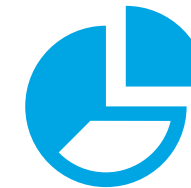
Think strategically:

Offer new solutions, such as new forms and ultra-thin PET labels to add value.



Offer lower-cost options:

Pressure-sensitive PET film labels are right on the money, cheaper than direct printing or shrink sleeves.



Streamline operations:

Consolidate packaging and labelstock for better storage and distribution.



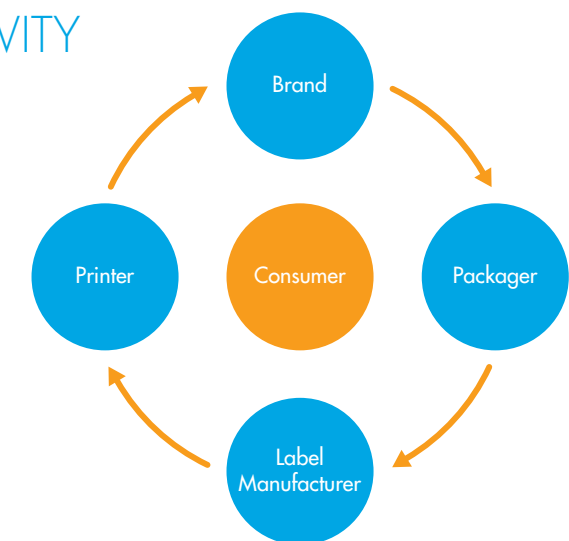
Fast-track operations:

Ultra-thin labels drive productivity and throughput with longer rolls, fewer roll changes.

COLLABORATION AND CREATIVITY ARE KEY TO SUCCESS IN THE FOOD INDUSTRY.

Clear packaging and clear labels help food manufacturers connect with consumers at the "zero moment of truth" – when they're ready to buy.

Drive food sales with 0.92 mil. PET labels that extend your brand. Learn how UPM Raflatac's VANISH™ line is redefining – and redesigning – industry applications.



Source: UPM Raflatac.

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UPM RAFLATAC IN BRIEF

UPM Raflatac is one of the world's leading producers of self-adhesive label materials. We supply high-quality paper and film labelstock for consumer product and industrial labeling through a global network of factories, distribution terminals and sales offices. We employ around 2,800 people and made sales of USD 1.5 billion (EUR 1.2 billion) in 2014. UPM Raflatac is part of UPM – The Biofore Company. Find out more at upmraflatac.com.

Contact UPM Raflatac today to learn how our line of VANISH™ ultra-thin PET labels can help your end-users drive food sales. You can reach our Technical Product Consulting team via phone +1-866-294-8412 or via e-mail at americas.support@upmraflatac.com.



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