

## **Innovation in product packaging – What challenges and advantages are there for SMEs?**

or many small to medium enterprises, perfecting your packaging can seem a timely and costly endeavour. But as one of the UK's leading packaging experts explains, it might not be as daunting as first thought...

In an ideal world, all companies would have packaging solutions in place which are simultaneously good for the environment, low on cost and as stylish as can be. In the real world, it doesn't happen too often.

Let's break it down. If you're bringing out a new product and you're starting to think about packaging, you'll want it be environmentally friendly right off the bat. But will a 'green' solution be cost-effective? Or likewise, if your biggest concern is price, can you really guarantee that your product will have the best possible design?

There's not always a crystal clear path for SMEs to get the most out of their existing operations, but there may be some opportunities that are being overlooked. Dr Chris Simms, a senior lecturer in new product development and innovation management at Portsmouth Business School, believes there are many advantages to being an SME in today's packaging climate. But that's not to say there aren't challenges too...

### **Smaller production lines**

"In some cases SMEs have a greater level of flexibility. For example, if you're one of the big players then you've got a multi-million pound production line, so if you're looking at changing the packaging you're also looking at spending millions of pounds," Simms explains.

"Whereas if you're an SME, you're probably going to have much smaller production lines – some of it may even be done by hand. If you're going to change your packaging then it's often a relatively smaller investment."

It's certainly one of the biggest worries that SMEs face when contemplating a new packaging solution. Do you stick with the packaging and production line you have in place, or do you scrap what you have and spend money on a lot of new machines?

But Simms, who has a PhD in the management of packaging within new product development in the fast moving consumer goods industry, thinks that SMEs needn't worry.

"A process called line stretching means that in many cases you can take your production line and literally add a piece of equipment. By doing that you enable a change to your packaging – you don't have to completely get rid of everything you've got," he says.

"We're not talking about major investment; we're talking about shifting half of your production line a couple of metres further along and slotting in a new piece of

equipment.”

## **Balancing design and technological innovation**

You might feel you're compromised between having the best possible design and the best possible packaging solution. One SME might go to a design agency, another might go to a packaging firm. But what's the best way to go?

“Understandably, a design agency is more interested in graphics and aesthetics. They focus on taking packaging and making it look beautiful, and that's important.

“But packaging firms can also tell you about new styles and advancements, so SMEs potentially miss out on a lot of opportunities for more innovative packaging by only going to design firms.

“If they approach a packaging supplier they're likely to find an innovative piece of packaging, and then they can go to the design firms and ask them to create the labels and the colour and everything else for it.”

The good thing about design agencies is that they have no bias towards a particular material or style. A company which mainly provides metal packaging, for example, is likely to come back to you with a metal solution. A paper board supplier will come back with a paper board solution, and so on.

Design agencies may not be partial to anything particular, but they're not necessarily going to be driven by technological innovations either. In Simms' opinion, SMEs should look to adopt a more rounded approach involving both a packaging specialist and a design agency.

## **The cost of being 'green'**

For some SMEs, developing packaging that is environmentally friendly might seem out of reach. Whether it's due to a smaller budget or smaller production line, going 'green' is often only seen as something that the big players can afford.

“In larger organisations there's a desire to be green, but that's also part of a drive to save costs,” says Simms. “In many cases the 'greener' packaging will also be cheaper packaging.

“There have been quite a few recent advertising campaigns supporting new pieces of packaging promoted as being “lighter” or using “less material”. But if you're lighter and using less material, then in the majority of cases you're also saving costs.

“For small organisations, of course there's a desire to save costs, but it's not quite as significant as it is in large organisations. If you're talking to a large company, they're

probably producing tens of thousands of items of their product every day . So for them, saving a quarter of a penny adds up very quickly.

“On the other hand, an SME – whilst they may be slightly hesitant – has more opportunity to introduce something which might cost one or two pennies more. Arguably there’s more opportunity for SMEs as they can focus a little less on the cost than some of the big players have to.”

### **The future of ‘green’ packaging**

An interesting debate amongst experts is if ‘packaging waste’ or ‘food waste’ is more damaging to the environment.

According to research, previous breakthroughs in the packaging industry (such as Tetrapak and the ring-pull can) may not be around in the future, and new innovative ideas for packaging – although environmentally friendly – may never see the light of day due to a misconception that all packaging is wasteful.

But according to Dr Simms, one of the two researchers highlighting the myopic view of what packaging could be, it’s likely there’ll be a switch in packaging emphasis in the near future.

“In the next five years or so, [we’ll] move away from looking at minimising the environmental impact of packaging and start looking at minimising food waste and improving usability, particularly for elderly consumers,” Simms predicts.

“I think the arguments for food waste are actually stronger, but they haven’t yet received the attention that packaging waste has. We’re already starting to see discussions about things like supermarkets selling sweetcorn: should they make sweetcorn in hot countries and then ship it over using air miles and fuel and so on, or should they produce it in UK greenhouses using lots of electricity but no planes? Which is more ‘green’?”

This area may provide an opportunity for SMEs to save money and get ahead of the pack. Large retailers presumably will have more of a challenge minimising their packaging and food waste, as they simply produce more of it.

### **Packaging as an afterthought**

The biggest hurdle that SMEs have to leap over is a lack of emphasis on the importance of their packaging and production line. From Dr Simms’ perspective, it’s something far too many businesses overlook.

“Many companies don’t even question it. For example, they may think: ‘Our packaging is made out of an unrecyclable plastic. It would be good if it could be ‘green’ and made out paper, but that’s ridiculous.’, and they never even look at if they

could do it in paper board, how that could work and what kind of investments it would take.

“And probably in 80/90 per cent of cases they’re right; sometimes it’s simply not possible. But there are so many opportunities and it is worthwhile looking into it.”