‘First-world’ packaging from the tip of Africa

This review of the South African packaging industry comes from Gill Loubser, Editorial Director of PACKAGiNG & Print Media. She is a Fellow of the Institute of Packaging (SA) and a past National Chairman; and currently serves as Secretary General of the International Packaging Press Organisation.

THE challenges facing South Africa’s packaging industry are huge. The need to get safe and nutritious food to millions of South Africans, most of whom live far from their rural roots, has to be balanced with achieving world-class standards (especially for exporters), as well as complying with stringent environmental demands.

From many perspectives, South African society is remarkable. Barely kilometres apart people live in a range of circumstances – from the mansions of the affluent through to middle-class suburbs; and from low-cost housing to informal settlements – a situation that raises particular challenges for the country’s packaging professionals. First-world packaging is required for the convenience of the prosperous, meeting the demands of self-service retailing; yet affordable, efficient packaging is required for the safe transportation of basic foodstuffs consumed by the majority of the country’s population. Alongside these apparently contradictory requirements is the need to minimise the use of packaging materials for both economic and environmental reasons.

The World Health Organisation estimates that, without effective packaging, developing countries lose up to 50% of their produce before it reaches consumers. The fact that South Africa, although classified as a ‘developing economy’, does not fall into this typical ‘third-world’ scenario can be attributed to the dedication of the country’s food scientists and packaging technologists.

South African packaging technology is acknowledged as being among the international frontrunners, and plays a vital role in the life of every South African – rich or poor, rural or urban. Without packaging, every person’s standard of living would be seriously undermined.

$4-billion market

The South African packaging market is valued at R31-billion per annum (around $4-billion) using 2 732 000 tons of raw material (paper, board, plastics, glass, metal, etc)*. While these figures might be small compared to the global market, the local industry is regarded as ‘first world’ in terms of manufacturing facilities. State-of-the-art technology is continually commissioned in packaging plants around the country and supermarket shelves overflow with products in modern packaging, comparing favourably to that seen in any first world country.

This sector is dominated by a few very large companies – with the Nampak and Astrapak groups in clear leadership positions – but there are numerous small and medium players as well. An interesting trend is for foreign converters to establish plants in South Africa – two recent examples being the Spear group (from the US) and the Tadbik group (from Israel), both of whom boast blue-chip multinational brand owners among their customers.

South African packaging companies also play an important role throughout Africa, with the major players, especially Nampak, active in all parts of the continent.

Three-tier retailing

South African can be said to have a dual economy – with mostly first world standards, and a largely third world population.

Epitomising this phenomenon is a three-tier retailing system that strongly affects the packaging industry.

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At the top end of the scale are the giant supermarket chains in urban areas whose customers demand, and get, first world goods and service.

Then there are township spazas – the name given to small shops in the densely populated townships (which can feature both formal and informal housing). Here the accent is on smaller packs – for easy affordability and portability. Interestingly, in this environment, there’s evidence of tremendous brand loyalty.

At the bottom end of the retailing spectrum are street traders. These people buy in bulk and repack into mini packs – for instance, small poly bags. Here there’s absolutely no brand loyalty and the accent is purely on affordability.

Threats and opportunities

Among the threats facing food manufacturers and packaging companies in South Africa is an ever-increasing incidence of imported consumer goods. A quick glance around any supermarket today reveals numerous imported food and other fast moving consumer goods – all coming into the country ready packed.

On the obverse side of the coin, however, is the fact that South African packaging increasingly finds its way around the world (helped by a comparatively weak currency). Indeed, millions of dollars worth of packaging is exported directly to overseas customers, while further hundreds of millions of dollars worth is exported indirectly by food and beverage processors who market South Africa’s bounty – food, wine, agricultural and other products – on foreign markets.

Gold Pack Successes

A ground-breaking two-piece plastic canister for spice packaging, an all-polyester salad dressing bottle and label that facilitates recycling, an innovative pack for dispensing household plastic bags, a drain-cleaner bottle that shouts its purpose from the retail shelf, ‘retail-ready’ corrugated packs for shipping South African wine to foreign supermarkets, a two-litre stand-up pouch for wine – all these and many more consumer and industrial packs were among the entries that won coveted trophies in the 2007 Gold Pack Awards, organised biennially by the Institute of Packaging (SA).

Now in its third decade, the Gold Pack Awards programme promotes and encourages excellence in packaging design and technology. It also fosters co-operation across South Africa’s packaging supply chain.

The level of competition is high, resulting in many innovative products and the fact that South African packaging consistently wins awards in the World Packaging Organisation’s WorldStar programme attests to the industry’s level of innovation.

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