

European Packaging Industry Trends: Opportunities In The Eastern European Market

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Eastern European countries have experienced rapid development and are already reaching level of Western ones in many spheres of daily life.

However, there is still a lot of room for development and growth in Eastern Europe, making this region a focus for new investments and new launches.

However the economic downturn has slowed down this marathon, whilst at the same time allowing the development of other trends within FMCG products. This is having an inevitable impact on the Packaging industry.

Trends impacting Packaging within Eastern Europe:

- * Attempting to be different
- * Consumers demand convenience
- * Boost of single households vs bulk purchases
- * Only minor interest in environmentally friendly packaging

Attempting to be different

Together with retail outlet growth, the number of brands available on the shelves is increasing constantly.

Distinguishing products from one another becomes the biggest task for the consumer. Marketing campaigns have become just small tool used by the manufacturers to sell their brand.

At the same time packaging increasingly becomes one of the most important tools in brand promotion, with consumers eager for this type of innovation. Thus many packaging options are used, like new colours, catchy pictures, different shapes or functional closures.

Attempt to distinguish the brand and make it different among the many others on the shelves also enables positioning of products for different consumer groups, especially those who may not have previously bought products in that category.

Here packaging becomes a key part of the brand promotion, utilising colours and shapes that speak to the desired consumer. For example, the pictures on folding cartons of cereals for women often focus on body shape to encourage female dieting consumers to purchase the cereal.

Conversely, men's grooming products in many cases are in dark coloured packs, reflecting colours that are assumed to be masculine. Whilst this lifestyle branding is commonplace in Western Europe, this targeting is not so well developed within Eastern Europe leading to the possibility of a stronger response from consumers who do not suffer from any packaging advertising fatigue.

Consumers demand convenience

Changing consumption habits, hectic life style, more activities, and thus less time to prepare meals in the home is causing demand for more convenient, on-the-go packs. Together with a growing consumption of impulse products, this ensures demand for smaller packs is constantly growing.

Consumers also demand portable versions of products, which would be easier to carry, as the retail environment changes to benefits larger supermarkets over local shops.

Convenience is not only restricted to packaging, but also affects closures. Ageing population both in Eastern and Western Europe is one of the most important target groups for manufacturers of closures. As such it is important for closures to be easy to open, benefiting consumers with lower wrist strength.

This is a benefit to all consumers and as such will help to build brand loyalty.

A further development is the increased use of multipacks. This is convenient for big families and consumers, who are willing to maintain a stock of certain products at home. At the same time, retailers and product manufacturers can attract consumers with multipacks of different products by offering these multipack items for lower price, often gaining share in volume terms.

This has been a very strong trend during the economical downturn and is further driven by the growing demand and offer of private label products.

Boost of single households vs bulk purchases

Smaller or even single households are a new and very important target group across Eastern Europe. The product needs of these smaller households are different and brand owners are increasingly using pack size to reach out to this consumer group.

For example such households require smaller portions of food items as they can lack the storage space for bulk purchases and will not consume enough products before it spoils. Similarly smaller households will require less household care products.

This saves money, space in the fridge or on the shelf at home, and eases the life in general for such a household. Packaging manufacturers have started to react to this demand quickly and the move to smaller packs by existing brands is growing in Eastern Europe.

The opposite trend is to purchase products in large bulk packs. Non-food categories have responded well to this trend for example with consumers offered bigger packs of detergents or pet food, as these items have a long shelf life in the home and are positioned for those looking for economic purchases.

In Hungary in particular consumers, affected by the economical downturn, are moving towards grocery purchases once per week in a bigger supermarket/hypermarket or discounters. There they can find both branded and private label products, offered in bulk driving larger size packaging within the retail environment.

Minor interest in environmentally friendly packaging

The Eastern European region is still almost in the embryonic stage of environmental awareness. However, first steps have already been made and consumers are starting to look for ecological products, most commonly those with less additives products.

In non-food categories, like household care products, demand for concentrated products is growing, reducing the bottle size in categories such as laundry care. However, in both cases packaging is seen as less important to the consumers than the product claims.

This is convenient for the manufacturers, as there is currently little drive to make additional effort and investment in producing and promotion of recyclable packaging.

It is predicted that the recent dynamism in Eastern European packaging will continue and be driven into new product categories as brand owners become more sophisticated in their packaging use. New pack design, shape, colours, and closures will be used in order to attract the consumer.

With predictions that the recession will slow down in the coming few years, now is a key opportunity for manufacturers to make new steps in Eastern Europe with increased packaging promotions across all FMCG categories.

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