

The future is clear

Demand for high-visibility packaging is expected to increase sharply over the next three years, boosted by retail and consumer demand. Clamshells and blister packs are the packaging solutions to watch, says the **Freedonia Group**.

US demand for high-visibility packaging, including clamshells and blisters, is expected to increase 5.1% annually to \$8.5 billion by 2010, representing almost 32 billion units and creating a market for 900 million pound of plastic resin.

Gains will be driven by consumer spending and the growing influence of mass-market retailers, which tend to favour high-visibility containers. Further growth will be limited by environmental concerns and the rising volume of offshore production and packaging.

The best opportunities are anticipated for carded blister packs and clamshells, which accounted for 58% of high-visibility packaging in 2005.

Demand for clamshell packaging, including high-visibility food containers with removable, snap-on lids, is projected to increase 5.3% per year to \$2.7 billion by 2010, reaching 7.3 billion units. Average per unit clamshell prices will rise 2.0% annually to 36¢ per unit by 2010, with slower increases anticipated for clamshells used in food applications, which are generally lighter and less expensive.

Demand for carded blister packs is expected to increase 6.8% per year to \$2.5 billion in 2010, reaching 12.6 billion units. Average blister pack prices will rise 1.1% per year to 19¢ per unit in 2010, with faster increases expected for pharmaceutical blister packs. Higher prices will stem from the use of higher priced resins and higher barrier films and an increase in average package size for electronic products and hardware.

Windowed packaging demand will increase at a below average pace as a result of slower demand in the baked goods market.

Skin packaging will register the slowest growth based on declining demand for carded skin packs as a result of higher production costs and the shift to offshore production.

COOKING UP DEMAND

Food will account for half of the high-visibility packaging market, based on baked and prepared foods and fresh produce. Consumer interest in convenience foods, which frequently use high-visibility containers, will also drive demand.

Demand for clamshells from the food industry is expected to rise by 5.7% annually until 2010 to \$1.8 billion, driven by their



Clamshell packaging is becoming extremely popular as retailers and consumers favour the format.

relatively low cost, reclosability, superior display characteristics and stackability.

Clamshells also protect their contents, which is important for foods prone to bruising. Clamshells have replaced moulded pulp containers for strawberries, blueberries, raspberries and grape tomatoes. They have also penetrated the salad mix market, which is dominated by windowed bags, and are expected to enter the baked goods market.

Clamshells will also benefit from increases in the takeaway meal market, although foam and opaque plastic foodservice containers will continue to dominate this market.

PHARMACEUTICAL PUSH

The fastest growth for high-visibility packaging will be seen in the pharmaceutical and medical product markets due to its benefits in patient

compliance and distribution efficiency.

Blister packaging will be helped by recent FDA regulations requiring that all prescription pharmaceuticals dispensed in hospitals and nursing homes be packaged in unit dose formats with barcodes. These regulations, which are intended to reduce dispensing errors, favour blister packaging. Innovations such as enhanced child safety features will also boost demand.



Blister packaging for the pharmaceutical sector has been boosted by recent FDA regulations requiring that drugs are dispensed in dose formats.

High-visibility packaging demand
(million \$)

Item	Year			% annual growth	
	2000	2005	2010	2000-05	2005-10
Total high-visibility packaging	5,047	6,605	8,475	5.5	5.1
Clamshell packaging	1,510	2,065	2,670	6.5	5.3
Carded blister packs	1,225	1,765	2,450	7.6	6.8
Windowed packaging	1,414	1,620	1,900	2.8	3.2
Skin packaging	515	614	707	3.6	2.9
Other	383	541	748	7.2	6.7

The high-visibility packaging market is set to rise by more than 5% annually until 2010, led mainly by growth in carded blister packs and clamshells.

ELECTRIC MARKET

In non-food markets, including electronic products and high-end cosmetics and toiletries, clamshells will benefit from their upscale appearance, their rigid construction, which is suited to larger, heavier items, and their ability to deter theft and tampering.

In addition, clamshells allow consumers to fully inspect the contents, so that the product can in effect sell itself, and innovations such as reclosable clamshells and rotating inner portions will also stimulate demand.

Blister packs reveal only one side of an item and tend to be used for goods that are lower in cost and lighter in weight. In certain markets, such as cosmetics and toiletries, blister packaging often suggests low-quality products.

However, the fact that clamshells are extremely difficult to open will benefit carded blister packs in consumer goods applications, as retailers seek more consumer-friendly packaging. Clamshells for electronics and other consumer goods are usually permanently sealed to provide a high level of product security. In fact, Costco is already replacing many of its clamshells with MeadWestvaco's Natralock blister packs, which are designed to be easy to open. In fact, the marketing campaign for Natralock blister packs highlights how easy they are to open when compared to conventional clamshells.

This method involves securing an item within two plastic blisters, which are then sealed between two solid bleached sulfate (SBS) paperboard cards and a fluted paperboard sheet. As well as reducing the amount of plastic used, this design provides clamshell-like rigidity due to the fluted sheet, front and back viewability, and a large amount of display space on the cards for graphics and printing.

RETAILERS FAVOUR HIGH VISIBILITY

The ongoing consolidation of the retail sector will boost high-visibility packaging, as mass-market retailers such as Home Depot, Wal-Mart and Costco gain a larger share of the market. Such stores prefer clamshells and blister packs because

they allow consumers to view the contents while providing adequate theft and tamper protection. The fact that such packages require less floor space and can often be hung on pegs, freeing up shelf space, also count in their favour.

Clamshells are also used as secondary packaging for cosmetics and toiletries to deter theft of higher-end fragrances in mass-market retailers. In fact, the upscaling of mass-market brands, particularly in skin care and cosmetics, will spur clamshell demand, since the containers showcase the contents and hold the product in place while projecting a premium image.

BARRIERS TO GROWTH

Clamshell demand will be restrained by environmental initiatives aimed at eliminating PVC from packaging, as clamshells use considerably more plastic resins than other high-visibility containers. This will be in blister packs' favour.

Clamshells and blister packs will be negatively affected by the trend towards offshore manufacturing and packaging of many electronic devices. Although pharmaceutical and medical applications accounted for more than 60% of blister pack demand in 2005, these containers are used for many other goods.

Price increases will also be limited

by trends toward package minimisation and thinner-gauge plastic films and sheets. These trends are the result of efforts to cut costs, reduce raw materials usage and maximise the space-saving advantages of smaller packages in shipping and displaying retail goods.

Among the thinner gauge materials increasingly used in pharmaceutical blister packaging are cyclic olefin copolymers, which can provide high barrier characteristics while yielding more film per pound of resin than PVC. In general, the primary resins used in blister packs include PVC and polyethylene terephthalate (PET), with PET seeing increasing use due to its higher barrier characteristics. PVC is expected to lose ground to other resins like polypropylene and polycarbonate because of concerns about its health risks and recycling difficulty.

High-visibility packaging looks set to continue to gain market share, mainly as a result of its appearance and security features. However, gains will be moderated slightly by environmental concerns and the trend towards offshore manufacturing. **pci**



Although clamshells offer convenience and high shelf visibility, they are not very environmentally sensitive and consumers find them difficult to open.

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