

Outsourcing the in thing and flourishing

The global contract packaging market is averaging a compound annual growth rate of 15.33%, confirming the increasing trend for manufacturers to outsource their packaging to optimise costs and free themselves to concentrate on their core business. According to Reportlinker.com, contract packaging can reduce manufacturer operational costs by up to 9%, and remove the often-onerous responsibility of keeping abreast of and adapting to rapidly-evolving consumer goods legislation. PPM spoke to two heavyweights in local contract packaging and found them decidedly upbeat about current trends and optimistic for future prospects.



Sachet Manufacturers packs toothpastes, emulsions, hair care products, and liquid and powder detergents for its customers. The new research hub at its Gauteng facility is dedicated to product testing and development, and is complemented by a technologically advanced facility producing batches for trial.

Today, sachets; tomorrow, the world

THROUGH adversity comes opportunity, it seems. This has definitely been so for Sachet Manufacturers, which, says commercial executive Salim Suffla, is riding the wave of tremendous growth and business expansion.

'Our performance over the last year reflects our sustained resilience in a time of continuing Covid, during which we haven't allowed the huge supply chain issues experienced globally and locally to inhibit our operations and service delivery,' he states. 'Our strength in getting fast-moving consumer goods to market proved itself again during the KwaZulu-Natal riots last year, which affected supply chains massively.'

The company's new research hub in Gauteng is abuzz with customer activity and in the last few weeks, Sachet has welcomed aboard two significant multinational customers, a United Kingdom-based

global brand leader and a personal care product manufacturer from the United States.

The R&D centre that was a drawing board concept a year ago is now fully functional, resourced and devoted to developing innovative, cost-effective and future-fit solutions, Salim points out. The facility includes a laboratory for product research and an adjoining manufacturing unit to run off small batch formats, taking each product from concept through its packaging paces to shelf.

'The service has enhanced our capabilities across every kind of pack format,' he explains. 'As envisaged when we conceptualised the centre, customers are streaming in to explore what's on offer and to take advantage of our comprehensive solutions for both established and emerging brands.'

He talks us through the Sachet concept-to-shelf



philosophy. 'It starts with a needs analysis to identify and evaluate our partner's markets and requirements, followed by the research and development stage involving our lab and manufacturing centre. Product is then developed, with all specifications and workflow activities quality assured, after which sustainable, innovative and cost-effective packaging is designed. Prototypes are manufactured incorporating global quality assurance elements throughout the value chain. Commercial models are then created to confirm added value and on-shelf presence before the launch phase, during which we continue our support through supply chain services and quality assurance.'

This turnkey service, matched with advanced technology, flexible logistics and a mature supply chain network focusing on cost-effectiveness, swayed Sachet's newest customers to sign up, Salim reveals. 'Our second-tier ISO accreditation with all its bells and whistles also influenced their thinking.

'Having quietly and unassumingly built our business

and status over 30 years, we felt it was time for high-key to kick in. Our sales and marketing teams are now letting the world know we are here and it's paying off handsomely.'

Sachet continues to think inside the pouch, the cannister, the bottle, the tube and just about everything else. It's hardly surprising then that even more exciting developments are on the way. 'Our people have taken up innovative and disruptive product developments with enthusiasm and vigour and the market can expect to see some unique products in the weeks to come.'

Further proof that Sachet subscribes wholeheartedly to Africa's vision of growth is the news that the company is about to start digging a wider niche for itself with the construction of a fourth site in Johannesburg.

'This will take our technology- and process-driven solutions to a new level and will expand our capacity and reputation for bespoke solutions for customers across the world,' Salim concludes.

The promising face of personal care brands

Growth is infectious and the South African personal care contract packaging market looks set to follow its international counterparts, according to Sonja Steyn, operations director of Prime Products. 'Revenue was expected to expand at a CAGR of 7%, reaching \$5.5-million dollars in 2030, due mainly to increased disposable income and spending on personal care. These figures may need to be revised given the Ukraine crisis and ongoing Covid-19 lockdowns in certain countries, but overall, the picture remains bright.

Factors influencing the growth of the local market, Sonja continues, include government regulations on imports and fragmentation of the sector that sees

several companies offer a similar service. However, on the flip side, there's the potential carried by greater urbanisation, increased disposable income, sustainability and customisation.

'Skincare preparations are currently 42% of the global market and the most profitable category, followed by haircare at 22%,' she elaborates. 'The manufacturing market share is currently divided among liquids, creams and lotions, with an average growth rate of 6%.

'Market trends suggest a shift in the focus of manufacturers towards producing innovative products. South Africa's cosmetic products market could benefit



Annique is a well-established skin and body care product manufacturer working with indigenous ingredients such as marula, rooibos and hoodia. It has found a trusted partner in Prime Products, which mirrors its quality offering in the eye-catching packages that carry its preparations to retail shelves worldwide.



significantly over the next 35 years due to the rapid ageing of the population. It is said that the population of over 60-year-olds older will double from 7.7% to 15.4%. This may generate strong demand for anti-ageing products, opening avenues for innovation in the cosmetic industry.'

Digital disclosure driving demand

The changing consumer trends associated with the availability of abundant information on personal care products, increased digital disclosure and personalised shopping experiences are driving the demand, Sonja adds. Online shopping was a booming market before Covid, but this has gathered momentum. The rise in demand for skincare and make-up, especially from millennials, is another important industry driver.

And, although the pandemic disrupted the entire supply chain, reducing demand for skincare and make-up significantly as people spent on essentials, it delivered a marked upside.

'Increased awareness of the harmful effects of chemical products spurred a growing demand for organic and natural personal care products and this isn't likely to abate,' Sonja maintains. 'Furthermore, the pandemic pushed demand for personal hygiene products, which will continue to be a positive factor.'

The constant need for speed in delivery to market will keep the contract packaging market buoyant. 'Even brand owners with their own facilities use contract manufacturing to supplement their production, reducing manufacturing and delivery times and

boosting customer service.

'Cost containment is a major factor and not having to hire labour, or maintain and repair equipment a big consideration. Brand houses are having to spend extensively on marketing, branding and advertising, so having a contractor providing equipment, engineering, research and development and quality teams is a godsend.

Government sanctions association of like minds

In March, the Department of Trade, Industry and Competition (the dtic) lent its support to the formation of an association of cosmetics and personal care third-party manufacturers. This followed a workshop with industry participants in 2017 to explore the difficulties facing the sector.

The session revealed small-scale/under-capacity manufacturing, financial instability, lack of recognition by government and business partners of the individualistic nature of the sector and market access difficulties among the most pressing issues.

'The association will create a uniform voice for the industry,' Sonja asserts. 'It will ensure long-term sustainability for the sector, encourage collaboration on matters of mutual interest and set standards and benchmarks. With the dtic, it will undertake industry localisation studies, implement localisation strategies and ensure financial support for market access and manufacturing.'

Yours irreverently . . .

Six quick quips

- Helvetica and Times New Roman walk into a bar. 'Get out of here!' shouts the bartender. 'We don't serve your type.'
- How does Moses make tea? Hebrews it.
- What did the left eye say to the right eye? Between you and me, something smells.
- What do you call a magic dog? A labracadabrador.
- What did the pirate say when he turned 80? Aye matey.
- I have a fear of speed bumps. But I am slowly getting over it.

Comeback witbits

- 'If only closed minds came with closed mouths.'
- 'Keep rolling your eyes. Maybe you'll find a brain back there.'
- 'I'm sorry I hurt your feelings when I called you stupid. I really thought you already knew.'
- 'I hope you step on a lego.'
- 'No, I'm not insulting you. I'm describing you.'

Wrap rage

While we love and respect packaging, when it's difficult to open or unnecessary there's a term for the ire it

provokes, wrap rage. It even has its own Wikipedia page: https://en.wikipedia.org/wiki/Wrap_rage. Some fine tweets...

Tressie McMillan Cottom@tressiemcphd: 'Open This!' A game show where CEOs try to open the packaging they sell.

Nichole C@Nicholechamps: My favourite – packaging scissors that require scissors to open it.

Tim Brannigan@tim_brannigan: If only bananas had robust, natural, bio-degradable packaging of their own. Some sort of peelable skin, perhaps.

Simon Holland@simoncholland: [Cookie Company] We'll make the packaging 're-sealable' but it won't work so the cookies go stale and they have to buy more. Brilliant!

Abbi Crutchfield@curlycomedy: Save calories with our product by not being able to open its ridiculously indestructible packaging!

