

# When Shrinking Means Growth

• by *Huston Keith* ●●●●●●●●●●

Shrink labels were just a fad, said many in packaging, and the market would shrink as quickly as these materials do in a heat tunnel. But it has continued to surge, easily exceeding the 19% annual growth Keymark Associates projected for it in *Opportunities in Shrink Film Labels for Bottles* two years ago. In the soon to be published *Opportunities in Shrink and Stretch Labels 2007*, Keymark has documented this outstanding growth.

## SHRINK MOVES DRINKS

It's historically true that shrink labels have often been used for short-term or seasonal promotions – a quick boost to sales and image – then a return to less costly labels. But, after seeing shrink labels draw attention to their products initially, many marketers have elected to stay with the package that brought them to the party, reaping double-digit gains year after year as a result.

Witness Dean's Milk Chugs, using shrink labels since 1995. And many of its competitors, including NesQuik and several regional dairies, have also adopted shrink labels, helping propel single serve milks to a 33% annual growth rate.

This story is being repeated over and over in specialty beverages, or alternative beverages as the industry often calls them. Arizona made its name in the ready to drink tea category with intricate artwork on its bottles. Clearly Canadian adopted shrink labels for flavored waters and had to run double shifts to keep up with demand. It is now using shrink for its successful launch of Reebok water.

In ready to drink coffee, Folgers Jakada and Kahlua cappuccino are enhancing the strength of their well-known names with shrink labels. And following the path of milk, Dannon's Frusion, Yoplait Nouriche, Tropicana Smoothies are all using shrink to capture attention for the nascent drinkable yogurt category.

## FILMS MOVING FORWARD

While beverages are still the major users of shrink labels, notes Paul Wingate, sales and marketing manager of film producer Bonset America Corporation, Brown Summit, NC, labels are rapidly expanding into new areas like snacks, household cleaners and foods. Bonset is so confident of continued growth that it has expanded capacity to meet anticipated growth.

And other film companies have expanded to meet demand. Klöckner Pentaplast, Gordonsville, VA has also expanded. Like Bonset, it is a supplier of films from polyvinyl chloride (PVC) and Eastman Chemical's PETG polyester films. Mitsubishi, Greer, SC and DuPont Teijin now also offer shrinkable PETG films. SKC, Covington, GA, has its own shrinkable polyester films.

Now oriented polystyrene has made its entry, initially from converter American Fuji Seal, Bardstown, KY, and now from Plastic Suppliers, Columbus, OH and Alcoa/Kama,

Hazleton, PA. And for lower cost and shrink, AET, Wilmington, DE and ExxonMobil offer oriented polypropylene wraparound label shrink films.

Converters are expanding, too, buying new rotogravure and flexographic presses and other equipment to meet the demand. The market has also attracted many companies new to this product. Some have thrived, but others have faced difficulties. As with most markets, it requires careful study of the opportunities and technologies, thorough plans and diligent implementation. Growth is never a panacea.

## **GIANTS ARE SHRINKING NOW**

Why all the surge in capacity? Film producers are noticing that shrink labels being used not only by small companies trying to score a marketing coup, but more and more by packaged goods powerhouses. As noted above, Nestlé, Dean and Dannon have a successful history with shrink labels and are adding them to new products.

Food and beverage giant PepsiCo acquired Gatorade, which uses shrink labels on E.D.G.E. sports drink bottles, and has now put them on Tropicana products. Coca-Cola's PowerAde is testing a shrink label. Will carbonated beverages be next?

In foods, Heinz moved shrink labels onto multi-colored ketchup EZ Squirt and flavored ketchup Kick'rs. Then rival Hunt's used them on Perfect Squeeze upside down ketchup. PepsiCo's Frito-Lay unit now uses them for popular Go Snacks in canisters. But Unilever Bestfoods has put an array of products in shrink labels: first Ragu Rich and Meaty spaghetti sauces, then Wishbone Ranch-Up salad dressing and squeezable mayonnaise.

And it doesn't stop there. Pennzoil/Quaker State put the labels on a motor oil bottles shaped like a race car, then followed it up with its line of Black Magic automotive cleaners, including a trigger sprayer bottle. Sleeveco, Dawsonville, GA, proved to be more than equal to the challenge of making and applying these labels to these unusually-shaped containers.

## **SHRINK SELLS**

Why do marketers pay two to three times the cost of pressure-sensitive or glue-applied labels for shrink? It's simple. The graphic appeal of outstanding graphics clinging to a container with an interesting shape gets noticed on the store shelf – first. And more often than not, the consumer buys it. Sales results prove it.

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