

A BRAND NEW BAG



PACKAGING
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BETTER
MARKETING
OPTIONS
FOR
YOUR
BEANS

BY
MARK V.
HOWLEY

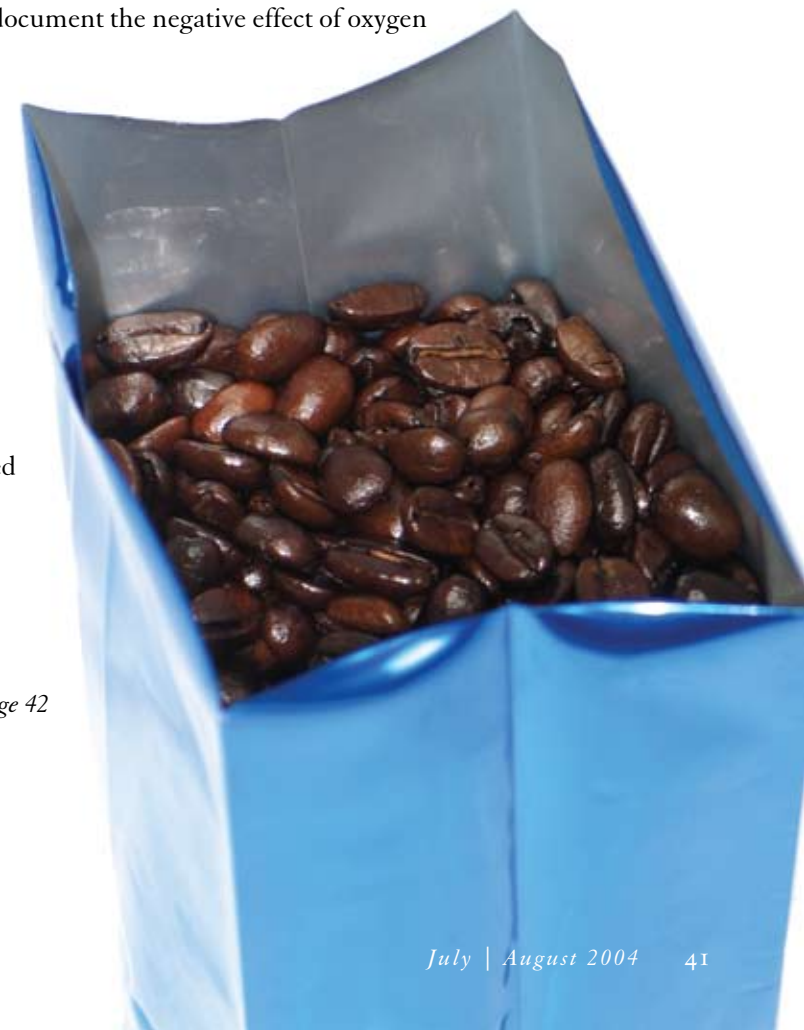
I RECENTLY COMPLETED a busy three days at the SCAA show in Atlanta, where I had the opportunity to chat with members of the specialty coffee industry about my favorite subject: coffee packaging.

Although coffee packaging has been relatively stable for years, it's never been static. There are always new packaging options hitting the marketplace, and the most recent advancements offer some great ways to protect and display your carefully roasted coffee.

Today, the most common package used by specialty roasters is a barrier bag, such as an aluminum foil-based laminate with a one-way degassing valve. While roasters use myriad philosophies and methods to ensure freshness, high-barrier bags are the most common and widely accepted packaging system for protecting roasted beans from oxidation. Tests with fresh-roasted coffee over the years consistently document the negative effect of oxygen

on coffee freshness and taste. Therefore, most specialty coffee roasters who market fresh-roasted coffee use a high-barrier bag and package the roasted coffee as quickly as possible after roasting.

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laminates and one-way degassing valves, like the ubiquitous aluminum foil-based laminate, drastically changed the market. Specialty coffee roasters started to package and deliver fresh coffee to regions previously considered inaccessible. After a flurry of activity in the mid-1980s, flexible packaging settled into standard package weight and formats. Most common are foil-gusseted bags, flat pouches, or stand-up pouches with or without a one-way valve. Since the '80s, the flexible package formats for coffee have been relatively stable. The situation is different in retail categories, such as pet food, cookies and health foods, where changes are being made every season.

Package consistency in retail coffee is attributable to the enormous investment made by large roasters like Starbucks, Millstone and Gaviña in automated packaging equipment over the past 10 years. Most of these automatic machines produce flat pouches or side-gusseted bags with a one-way valve. Over the past 10 to 15 years, these larger roasters spent huge sums



You've Come a Long Way, Baby

Today's barrier bags have not always been the predominate package format for coffee. In the past, roasters used metal cans or paper bags to deliver coffee. While metal offered an excellent barrier, it couldn't release CO₂; therefore coffee roasters had to let the coffee de-gas before packaging it in cans. Flexible packaging via paper bags was less costly than cans, but the bags weren't a perfect solution either; they did not have ability to protect coffee from oxygen or light degradation because the paper was not adequate.

The advent of flexible packaging via the use of high-barrier

of money promoting the gusseted bag format and the one-way degassing valves to consumers, who have come to expect this type of packaging. In today's marketplace, many small- to medium-sized roasters take advantage of this consumer acceptance and market their coffee in the most widely accepted packages; the foil-gusseted bag with a one-way degassing valve.

The Whole Package

Changes are in the air! The recent SCAA show was a great showcase for some of the subtle and innovative changes in coffee packaging. It is important to watch the changes not only because of what they can contribute to quality maintenance, but also because consumers are fickle. When consumers enjoy a package because it meets some untapped desire, market conditions change quickly. I consider the following changes subtle, yet significant.



◀ QUAD SEALS

The hottest new flexible package is the "quad seal" package, which gets its name from the four seals in each corner of the bag. The quad seal was introduced to the pet food industry and several other industries 10 years ago, and it recently made a big splash in the coffee market. Premade

quad seal bags are readily available, and the cost of the quad seal is only slightly higher than a traditional gusseted bag. Quad seal bags offer a number of benefits, including:

- ▶ Consistent shape
- ▶ Efficient use of shelf space
- ▶ An open back panel for graphics and labels (no back seam)
- ▶ A new and innovative look.



◀ QUAD SEAL BAGS WITH A ZIPPER

Quad seals have already evolved to address one of the biggest consumer convenience problems with a gusseted bag: how does the consumer conveniently reseal the

bag? In today's markets, the gusseted bag typically relies on tin ties and reclosure tape. Unfortunately, tape and tin ties frequently fall off the bags after a few uses. Tin ties are also costly and cumbersome.

While stand-up and flat pouches with zippers have been readily available, it is difficult to develop a zipper that works on gusseted bags like quad seals. This is because the zipper intruded on the gusset in the side of the bag. But a handful of bag makers

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A BRAND NEW BAG (CONTINUED)

and form, fill and seal manufacturers recently introduced quad seal gusseted bags with a zipper for reclosure. The zipper is placed at the top of the bag, similar to sandwich bags, and allows easy opening and closing of the bag.

The format is popular in Asia, and the U.S. market is starting to see the impact. There are a few limitations: the zipper holding one gusset closed decreases the size of the opening, and the lack of k-Seals can cause the bag bottom to be unstable.

However, the possibilities are exciting, especially in the two- and five-pound category:

- ▶ Zipper for reclosure
- ▶ Crisp and consistent shape
- ▶ Proven bag-making technology.

◀ STAND-UP POUCH



The stand-up pouch is *hot hot hot* in almost every market, except coffee. We see the stand-up pouch in a number of roaster/retailers and in Hawaii, but the package has not taken off at the mainstream level. This is not to say the stand-up pouch is a bad choice—consumers are wild about the format in markets like pet food and cookies. Nonetheless, I believe, given the success of the gusseted bag

and the desire for roasters to utilize convenient and established format, the stand-up pouch, will have a limited impact in coffee.

◀ MATTE FINISH



Anyone familiar with foil-based laminates knows that foil offers a great barrier and an attractive, shiny backdrop for colors. Most retail coffee packages use polyester because it is a great outer surface for ink, it is scuff-resistant and it is clear and shiny. The polyester is laminated to a sheet of aluminum foil and

a sheet of polyethylene to create a high-barrier package.

More recently, designers wanted to see something that offered more versatility. They found that the shiny appearance produced by foil and polyester limited design options.

Matte finishing offers an alternative. Similar in appearance to matte finish photos, the matte finish of packaging is accomplished by dulling the appearance of polyester; therefore colors are muted or toned down. In today's crowded retail market, roasters need to

BEHIND THE LABEL

A PRE-MADE BAG with custom printing is a great marketing tool, but it is not for everyone. The costs of design, set-up and printing plates, and minimum-run sizes are too cumbersome for many small- and medium-sized roasters.

I have provided a quick summary of the investment required for a typical 12- to 16-oz. foil gusseted bag with a valve.

- ▶ Four-color bag (12–16 ozs.), minimum quantity = 20,000 to 25,000 bags x \$0.28 ~ \$7000
- ▶ Plate charges (four colors) = \$400-500/plate x 4 ~ \$2000
- ▶ **Design:** You will need to design the bag. Most bag makers provide the template for your bag, but you must hire a designer. Hire someone who knows the specific print process. This will save you time and money, and will keep you from being disappointed with the result.
- ▶ **Design idea:** Many small roasters select a common bag size and place a generic design on the bag, then apply labels to identify roasts. The inventory of bags can be used for all roasts and the appearance is great, provided the design and labels are chosen wisely. I have seen some great bag designs that use a label to accommodate a whole range of unique roasts.

In my opinion, roasters should consider custom bags if the inventory will be used within 12 months. Many companies who buy bags that last longer find that market conditions dictate a change and they are stuck with costly inventory. This may not be the case for some specialty roasters who focus on specific upscale markets where a custom look is needed, but most roasters can afford to wait (and label and forecast) for a few more months before they commit to a custom job.

differentiate their packaging, and matte finish polyester provides an attractive, subtle and economical alternative. Most bag makers are familiar with the process, and I have seen great-looking designs with matte finishes in the past few years.

Another creative benefit, packages can be designed with registered matte finishing; in other words, 50 percent dull and 50 percent shiny. The options are abundant.

In addition to these new design changes and package and format improvements, there are other innovations on the horizon, including tin cans with one-way valves, flexible packaging designed to remove oxygen from the bag, and new one-way valve options.

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While these new technologies are fun and exciting, it's important to remember the true purpose of packaging: to protect your coffee while showcasing it in its best light. Before making a decision, make sure you weigh the variables—availability, cost, quality and appearance—and then decide which type of packaging is right for you.

Mark V. Howley has spent more than 15 years in the flexible packaging industry. The majority of his experience includes high-barrier laminates used for the preservation of coffee, one-way degassing valves, and the packaging equipment used to fill and seal coffee bags. He can be reached via e-mail at mvhowley@pacificbag.com or by phone at 800.562.2247(x125)

PACKING YOUR BAGS IS IT TIME TO AUTOMATE?

WHEN MANY ROASTERS start out, they package their coffee in pre-made bags because it's simple, effective and requires less investment up front. However, pre-made bags can increase labor costs, based on the time it takes to open, fill and seal the bags, while limiting the number of bags that can be completed (usually no more than 10 to 20 bags per minute).

A simple way to increase line speed and reduce the cost of the package is to automate the process. The most common upgrade is automatic rollstock form, fill and seal (FFS) machinery. With this type of set-up, the roaster buys film on roll instead of pre-made bags, and the machine automatically forms, fills and seals the bag.

The automatic process can save a roaster money by reducing packaging and labor costs and increasing line speed, but the machines require a considerable financial investment. Therefore, it's important to complete a payback analysis prior to making a decision about automation.

When business is booming, the decision to automate is easy. Anyone using a pre-made bag in these types of businesses can save a lot of money by converting from a pre-made bag to rollstock. In these cases, my advice would be to invest in form, fill and seal.

In my experience, the real world rarely includes the huge booming business scenario, and many roasters are torn between buying costly pre-made bags or high-cost and high-speed automation. Roasters will frequently study different growth scenarios and forecasts, but the decision to invest is difficult. The basis for this decision should be an analysis of cost savings on tangible cost elements.

In the simplified Cost Savings Analysis chart, I use the example of a one-pound coffee bag, but do not account for labor. Reduction in labor is a reality, but do not forget that form, fill and seal machines use less mechanical devices and more servo controls and electronics. Therefore, today's packaging machines require skilled workers and a consistent quality control program. Remember when FFS lines are used, the roaster also becomes a bag maker and a coffee packager. Stricter production discipline, inventory management and sound quality control programs will need to be implemented.

You'll notice that one consideration is the type of FFS line to purchase. While lower-end FFS lines are great for office coffee sales and institutional packages, some of them compromise retail package appearance. These smaller units make a bag from rollstock, but bag corners are not crisp and clean. This is because

the forming tubes are not designed for square bags.

Higher-end FFS lines are more complex. The bag appearance is much better—especially if newer quad seal units are installed. However, even the high-end FFS machines rarely produce a bag with the same appearance as a pre-made (i.e. the crisp and clean corners on a pre-made bag). This is a function of the bag-making section of form, fill and seal machines as opposed to horizontal pre-made bag makers.

The benefits of automation are obvious when volume gets above 500,000 bags annually. Nonetheless, consider a few points:

- ▶ How many different stock-keeping units do you run? Changeover frequency on the machine increases scrap and down time (scrap should be well under 5 percent).
- ▶ Do you run a lot of flavors? Clean-up between flavors can be time-consuming.

- ▶ Do you have adequately skilled operators? This is critical.
- ▶ A lower-cost FFS line (\$50–80K) usually does not make a consistent and attractive retail package.
- ▶ Do you need a valve applier on the line? This will add cost (+\$25,000 or more).
- ▶ Many small- to medium-sized manufacturers will use FFS as the primary or only packaging line; therefore make sure you have a contingency in the event of breakdowns.
- ▶ Does the FFS manufacturer have good service and parts departments?
- ▶ Make sure to budget time for training and installation.
- ▶ Learn about the service organization at the FFS machine manufacturer. Do they have a local service representative?



COST SAVINGS ANALYSIS (ONE POUND BAG)

	100,000 pre-made bags/year	200,000 pre-made bags/year	400,000 pre-made bags/year	600,000 pre-made bags/year	1,000,000 pre-made bags/year	1,500,000 pre-made bags/year
1 lb. pre-made (approx. cost)	\$0.26	\$0.25	\$0.24	\$0.23	\$0.20	\$0.19
Annual Cost (pre-made)	\$26,000	\$50,000	\$96,000	\$138,000	\$200,000	\$285,000
Rollstock Saving (~30%)	\$7,800	\$15,000	\$28,800	\$41,400	\$60,000	\$85,500
FFS Cost (Lower End)	—	—	\$60,000	\$80,000	—	—
FFS Cost (Higher End)	—	—	—	—	—	\$150,000

Pick/Place/Fill and Seal

Another option exists for roasters who need to increase output but do not want to invest in sophisticated form, fill and seal machines. This equipment picks up pre-made bags from a stacked position, places the bag under scales, fills the bag and seals it.

The price is approximately \$75,000 to \$100,000, depending on design and options. These units are very popular in markets where stand-up pouches are also popular. ■

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