

Through the glass - outlook for beer packaging in SA

 By [Gareth Pearson](#)

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Internationally, brewers are increasingly turning to aluminium cans for packaging, despite the purists crying 'sacrilege', as they swear their brew belongs in bottles.



Image courtesy of Paul at FreeDigitalPhotos.net

Will South Africa follow this global trend or continue to be the exception to the rule? It is difficult to tell, but with such a well-entrenched return and refund system in place, glass will not go down without a fight, that is clear.

In South Africa, a similar scenario appears to be playing out. For years, the country bucked this trend, but our research shows the use of glass in the alcoholic sector has declined over the past two years, while aluminium cans have grown in unit terms over the same period.

However, the beer-drinking landscape in South Africa is unique. For a start, taverns in lower LSM areas drive 50%-60% of the market. Secondly, it employs a closed distribution cycle that sees the majority of the glass bottles sold, being returned through a highly efficient refund system.

This is noteworthy, because a major driver of the global shift to cans is environmental pressure and this return system maximises the inherent recyclability of glass.

Greenness more than recycling

The 'greenness' of these two materials is not simply about their ability to be recycled; a number of factors must be considered over the entire lifespan of the can or bottle.

Cans are lighter on energy to produce than bottles, but aluminium is manufactured from bauxite, a material extracted through environmentally destructive strip mining.

Cans have one lifetime, they are produced, filled, distributed, consumed and (hopefully) recycled. Glass bottles are produced, filled, distributed, consumed and (in SA) returned to the producer to be washed, filled and distributed again. The same bottle can be reused in this way up to 20 times or more before it is recycled into new glass.

Transportation costs also play a role: cans are lighter to transport and have a shorter transportation cycle, as they are recycled after consumption, while bottles are heavier and 'on the road' for longer, as after consumption they are shipped back to the producer for redistribution.

The transportation of beer in itself has become a major industry sticking point, with many international producers looking to plastic PET kegs to move large volumes of beer cross-country and into overseas markets. Steel kegs are extremely heavy to transport, which means the maximum loading weights of trucks are reached before the trucks are even full, wasting space, fuel and money. New PET kegs are lighter and therefore more efficient when it comes to transport, helping to keep overall costs down - the main barrier to entry for newcomers and those looking to expand via export.

Recycling availability

Then there is the recyclability of the packaging. Every consumer has a unique set of circumstances governing their ability to recycle. They might want to recycle, but have limited ability to do so. Yes, there is the mom who can pull into a Sandton recycling point in her luxury SUV and offload her carefully separated waste into the different bins, but that is not the South African reality. These points are limited in their national distribution and for many South Africans, recycling is simply not important.

The strength of the recyclability of any packaging rests on the public's will and ability to recycle it. How many South Africans can easily recycle aluminium compared to the number that can - and want to - return a glass bottle for a refund?

Brand owners must ask themselves what their target markets are driven by. Glass is still seen as a premium product offering quality, so aspirational brands aimed at young adults and those geared towards the older market that holds dear traditional values would do well in glass.

Cans offer a departure from this tradition, a development well suited to millennial consumers who care little for heritage and more about change and technology. If this generation has a perception about their role in protecting the environment and cans are branded more environmentally sensitive packaging, they could force a significant swing towards cans.

ABOUT GARETH PEARSON

Gareth Pearson, CEO and shareholder of BM Research (www.bmri.co.za), is a market research specialist with particular focus in the industrial and FMCG markets in various sectors, including the retail market. He serves as a member of the South African Institute of Packaging's Regional Committee and is involved with the South African Packaging Council. Gareth was responsible for the merger of BM Foodpack and Adcheck Research during 2008. Contact Gareth on tel +27 (0)11 615 7000.

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