



## *II.1 Objectives*

**To develop a system for the rationalisation of packaging allowing for more efficient space utilisation and application of a standardised “look” for all floricultural exports**

## *II.2 Background*

Currently, floricultural packaging is characterised as follows:

- Packaging is perceived by the marketplace as being poor/lower quality and dull
- Industry-wide packaging is unstructured in terms of planning, with fragmented sizes and no standardisation
- The industry has adopted a non-strategic approach to packaging with a lack of branding/uniform look to South African floriculture exports
- Overall, packaging is not as efficient as it could be in terms of capacity utilisation

As stated earlier, the market analysis also indicated that floricultural products are not competing on cost issues relating to production, but rather on non-price factors such as image, shelf-life, and ease of traceability, factors which up to now had not been a primary concern for South African growers.

In terms of packaging therefore, South Africa needs to develop further the world-class standards required to compete in the international floricultural market by focusing on ensuring that its packaging is as strategic as possible in terms of image and space utilisation.

## ***II.3 Areas for strategic focus***

### **II.3.1 Specific initiatives**

<b>1. RATIONALISE PACKAGING SIZES AND SHAPES</b>	<b>2. DESIGN STANDARD LOOK/LOGO FOR EXPORTS</b>	<b>3. IMPLEMENT SPACE/ EFFICIENCY IMPROVE- MENTS</b>
--	---	--

#### **Initiative 1: Rationalise packaging sizes**

##### ***Context***

South African floricultural exporters currently export similar products in widely different box sizes, making packaging a costly and inefficient part of the production chain. Whilst stem lengths and leaves may differ somewhat from product to product there is no doubt that there could and should be some rationalisation of box sizes across the whole floricultural industry. SAPPEX, the protea industry-wide body, for example has standardised a range of box sizes for protea exporters. By consolidating their packaging requirements, SAPPEX was able to approach several packaging manufacturers and negotiate a favourable rate for the production of all SAPPEX packaging.

##### ***Key action steps***

The floriculture industry needs to examine current packaging practices and use the success of individual exporters and SAPPEX as a model for designing an industry-wide packaging strategy. This strategy must include a plan to rationalise box sizes based on the needs of exporters and end customers as well as advice from packaging companies and freight handlers in order to introduce a standard range of sizes for the industry. Once the needs are understood, industry must approach the large manufacturers and have them bid for the provision of the floriculture industry's packaging requirements including distribution to all regions of the country.

##### ***Market specific recommendations***

Although packaging can be done on a standardised level regardless of end markets, there are a few considerations when exporting to

Germany, the UK, and Japan that, if included, will make conducting business there easier.

**Germany** - Packaging must be perceived as being environmentally friendly in the “green” German market where consumers are advanced in terms of eco-awareness. The floriculture industry must therefore work with the eco-label strategy and the design team to ensure a positive packaging image for South Africa with regards to the environment and should explore options for using bio-degradable or recyclable materials, as an example of its own eco-awareness.

Technically, the German market prefers to receive product in aqua-packs as this facilitates their transportation to the various wholesale markets/outlets around the country.

**UK** - As a market dominated by the multiple channel, South Africa will need to have packaging that is co-designed with the various retail chains to make distribution as easy as possible. In terms of sleeving for example, it is crucial that South African floriculture is able to agree that it “co-brands” with retailers to ensure that all customers are aware of the origin of the product.

UK wholesale markets are less concerned about aqua-packs than their German counterparts.

**Japan** - For ease of transport, the wholesale outlets in Japan prefer smaller sized boxes than their European counterparts. It is necessary to keep this in mind when standardising box sizes and the design, as well as exploring the economic viability of creating a range of smaller sizes exclusively for the Japanese market.

## **Initiative 2: Design of a standard logo**

### ***Context***

In an industry where non-price factors are the basis for competition, distinguishing quality product through the use of innovative packaging is another way to gain competitive advantage. The low awareness and generally poor quality perception of South African exported products makes it imperative to create an instantly recognisable image for South African products. Only when end customers are aware that they are purchasing high quality South African products will South African exports truly realise their competitive advantage. For that reason it is essential that the “South Africaness” of the product penetrate as deeply as possible, preferably all the way to the end consumer.

As the primary contact for customer demands, growers and exporters are in the best position to relay the packaging needs of the marketplace back to the South African market and must therefore lead the discussion on standardisation of packaging.

### ***Key action steps***

South African floricultural export products need to have a standardised look/design to them in order to increase overall awareness of South African exports and begin to correct any low quality perceptions in the marketplace. The first step is to rationalise the containers in which they are shipped but this is only the beginning of the imaging strategy. The easiest way to increase awareness with the customer is through packaging and it is therefore essential that the floricultural industry employ a design agency to come up with a design or logo that will be printed on all export boxes proclaiming it as a product of South Africa. The most effective design will most probably invoke the South African flag in some shape or form as the most recognised South African symbol, and should be appropriate for primary, secondary and tertiary packaging providing the customer is in agreement. Although it is essential that this design gain as much exposure as possible, it would be in a partnership agreement with the customer and may often mean co-labelling packaging to have both the customer and South African marks.

### **Initiative 3: Space/efficiency improvements**

#### ***Context***

Another fundamental way to maintain international standards from a cost perspective is by ensuring efficient space utilisation, particularly in airfreight.

In Kenya, for example, the produce exporters are working closely with the freight handlers in order to ensure that the packaging is properly strapped and loaded for maximum space utilisation without damaging the product. See DFD for more details.

South African perishables handlers, from their experience with other importers/exporters, feel that the floricultural industry could be making more efficient use of packaging overall, and should build on the experiences of individual exporters in this area. These advisors are a valuable source of information as they work with exports from the rest of the world and are often aware of how things are being done

better elsewhere. South African exports must tap into this knowledge base to make sure its own packaging strategy is best-in class.

### ***Key action steps***

Growers, exporters, and freight handlers should conduct a workshop/discussion group (and design an associated training programme) to examine current ways of palletising, planning storage room in transport, etc and suggest ways to make improvements. This should be tied in closely to any overall cold chain management initiative as well as be linked to the post-harvest handling protocol.

### **II.3.2 Key responsibilities**

Lead	Growers	<p><u>Rationalisation</u> - From their own experiences with product restrictions as well as customer needs, growers and exporters must form a base from which to hold discussions with the packaging manufacturers and other relevant stakeholders. Growers should also help design associated training in order to ensure that the whole industry and all key packaging players are aware of the industry packaging strategy and best practices.</p> <p><u>Standard logo</u> - Work closely with the design team as the customer representatives and with customers to explore the possibility of “co-branding” and maximising the penetration of the origin of the product, in terms of reaching as many customers as possible along the distribution chain.</p> <p><u>Space/efficiency improvements</u> - Take the initiative in discussing current best practices and individual success stories in packaging space utilisation with each other and with other relevant players, particularly the freight handlers and customers.</p>
------	---------	---

Whilst the impetus for the packaging initiatives comes from the growers themselves, the industry-wide bodies are critical for the implementation.

Support	Industry-wide bodies	<p>SAFIC and the various grower associations can provide the forum for discussion between the growers, exporters and all relevant packaging players including manufacturers and handlers. They must also design and oversee a training programme associated with new and/or improved packaging practices.</p> <p><u>Standard logo</u> - SAFIC must facilitate the hiring of a design agency to recommend the standard look for floricultural exports. Furthermore they must communicate and encourage all members to adopt this uniform look and work with their customers to develop an easy packaging system that would allow the South Africa design to be displayed throughout the distribution chain. Lastly, SAFIC should keep track of government's strategy in terms of overall exports and ensure that it maintains links to relevant campaigns, such as the "Made in Africa" initiative.</p>
---------	----------------------	--

Government also plays a critical support role, particularly with respect to the standardisation of floricultural export products.

Support	Government	<p><u>Standard logo</u> - The newly formed DTI International Marketing Council (IMC) and the project on South Africa imaging and "Made in South Africa" campaign are possible sources for support for the floricultural export packaging strategy. As another issue that may be addressed on a pan-agricultural level or a pan-export level, the industry must maintain links to these programmes.</p>
---------	------------	--

In order to make significant changes in the packaging strategy, the South Africa floricultural industry must work with partners in related industries in designing and implementing the new approach.

Support	Related Industries	<p><u>Packaging</u> - Packaging manufacturers will play a crucial role in advising on the rationalisation strategy as well as implementing the actual production of a standard range of export packaging.</p> <p><u>Transport</u> - Freight forwarders and airport/airline handlers must play an advisory role about the impact of the new standard sizes on palleting, etc of export shipments. Freight handlers must be approached as active participants in designing new techniques in packaging and packing for greater efficient use of space. They will also be critical in skills transfer and sharing experiences with the industry and packaging manufacturers.</p> <p><u>Advertising/Graphic Design</u> - Design the new standardised look for all floricultural products including a logo and/or any associated slogan. Must work closely/be aware of industry-wide marketing campaigns and tie in design initiatives as closely as possible.</p>
---------	--------------------	---

## ***II.4 Implications for other agricultural sectors***

The following packaging issues should be explored from a pan-agricultural perspective:

- **Design standardised logo**

The floricultural industry's packaging strategy is to rationalise and standardise its packaging as well as to increase visibility as much as possible and preferably package in such a way as to allow the end consumer to see the original South African based packaging.

The basic idea is to have every box or container of floricultural products leave South Africa with a "Product of South Africa" logo, something along the lines of the flag as a vase with a flower coming out of it, to indicate origination.

The industry should work with customers on co-branding or other initiatives that would guarantee the logo receives maximum exposure.

*Cross-industry logos*

Investment in a floricultural logo may best be made in conjunction with a pan-agricultural or even pan-export logo design for all South African products which may be used alongside or instead of a solely floricultural logo.

- Are logos currently used in other agricultural sectors?
- Are there any cross-sector initiatives in place?
- What are the branding implications for all South African products?