

Think Shrink for Beer and Beverage

With an Expected 5.5 Percent Growth Rate, Shrink Sleeves are Fast Becoming the Go-To Labeling Technology for Cans, Bottles and Containers

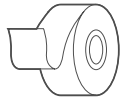
Looking to boost shelf appeal? Score with enhanced graphics? Differentiate yourself and your brand owners? If so, then it's time to think shrink. Because according to research firm MarketsandMarkets, shrink will increasingly be the "gotta have it" labeling technology – particularly for beer and beverage -- over the next three years.

The research firm predicts a global shrink and stretch sleeve labels market of \$13.2 billion by 2020, growing at a compound annual growth rate (CAGR) of 5.5 percent from 2015 to 2020¹, and outpacing pressure sensitive labels by 1.2 percent² for the same time period. The emerging economies of China and India will spearhead the global growth.

The Freedonia Group paints a similar success story for shrink in the U.S. Demand for stretch and shrink film here is expected to grow 3.5 percent annually to \$3.1 billion in 2019³. Currently in North America, the marketplace is dominated by:

- > Heat shrink sleeve (64 percent)
- > Stretch sleeve (18 percent)
- > Roll on shrink on machine direction sleeve (16 percent)
- > Roll fed machine direction sleeve (2 percent)

Why such popularity? According to the Freedonia Group, it's because the stretch and shrink sleeve labels segment is buyer-oriented. Which means consumers are driving the growth.



What Consumers Like About Shrink

According to research, consumers are drawn to the bright, full body coverage of shrink. A 2014 study of 800 consumers conducted by AC Nielsen confirmed the on-shelf effectiveness of, and preference for, high-contour bottles featuring shrink sleeve labels. The study also indicated that shrink sleeve labels create stronger consumer emotional connections than traditional labels.⁴

Rising urbanization and the increasing demand for on-the-go portability are other reasons why shrink sleeve use is up. Today's busy consumers want products their way. Shrink is a packaging technology that lends itself to versioning, seasonal and regional promotions, personalization and customization, as well as product bundling, playing to the desires of specific audiences while creating an invaluable, one-to-one connection between the brand and the consumer.

Of course, the fact that shrink sleeves can be designed to cover caps, adding a measure of safety and tamper resistance, is also a positive for consumers.

Why Beer and Beverage Brands Are Embracing Shrink

Consumers aren't alone in their fondness for shrink sleeves. Beer and beverage brand owners, too, are finding there's a lot to like about them. For one thing, shrink sleeves offer more packaging and design flexibility. The newest sleeve advances allow for greater than 75% shrinkage; which is ideal for completely covering a highly contoured bottle, and for tapered neck application needs. For brand owners, that means:

- > A 360° label using the entire container for artwork and information
- > Standout shelf appeal through a unique visual identity - one that can increase brand identity, brand loyalty and sales
- > The use of unusually shaped containers, adding to further differentiation on the shelf
- > The ability to be highly promotional and offer customization with digital ready solutions

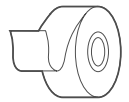
How Shrink Sits with Printers

Initially hesitant because of the investment and technology involved, printers are also now liking shrink sleeves for their application versatility, as well as their durability, for meeting customer demand. For example, sleeves offer excellent abrasion resistance; graphics are printed on the inside of the sleeve, so they're protected should products rub against each other. They're moisture resistant - perfect for refrigerated products or those used in the shower or at the beach. Sleeves provide tamper evident security and UV light protection. And they work for all containers, including aluminum, glass and plastic.



Beverages and Shrink

Given all the positives of shrink sleeves, it's no surprise that the beverage brand owners have jumped on the shrink sleeve bandwagon. Sleeve applications for beverages are estimated at an impressive 51%, primarily for juices, milk, sodas and energy drinks. Specific shrink beverage applications include full-body shrink sleeves, tamper-evident bands, multi-packs/on-packs and customized promotions. And these are just the beginning of shrink's impact on beverage packaging. Multiple innovations will continue to make national and global brands fans of shrink. These include high-speed machines that can apply sleeves at speeds of up to 1,600 a minute; development in new inks, coatings and substrates to further differentiate brands; the drive for thinner gauge materials which can create savings in raw materials and shipping costs; and the ongoing consumer push for recycling⁵.



Craft Beer and Shrink

Where cans are seeing growth, shrink is seeing growth – particularly for craft beer. Cans preserve craft beer freshness better than bottles. Plus new format sizes, can lips that accentuate aromatics, removable lids and resealable tabs are offering new levels of user experience that are appealing to craft beer brands⁶. Plus shrink sleeve labeling makes craft beer can packaging both economical and smart.

Shrink sleeves eliminate the expense of printing directly onto the cans. Brewers can buy blank cans in bulk and label the cans as needed. This prevents carrying costs for unused, preprinted cans. What’s more, can designs can be easily updated for special runs with new sleeves, eliminating the need for more can stock.

An additional benefit? The packaging and design flexibility of shrink sleeves make it easier for smaller beer brands to compete at the shelf. High definition printing technology facilitates a wider range of more intense colors to level the shelf playing field. Not only that: sleeves can further differentiate smaller brands with special printing techniques like foil accents, metallic colors and varnishes.

Where Shrink is Headed

Whether for heat shrink, stretch or roll fed/roll-on-shrink-on in PVC, PETG and OPS, the future looks bright for film sleeves. Perhaps that’s why suppliers like Avery Dennison have expanded their shrink film portfolio.

According to Cassandra Yu, associate product manager for the company’s Rapid-Roll group, shrink sleeve labels offer big opportunities for narrow web printers. “Preferred by consumers and valued by brand owners and printers alike, sleeves are one of the fastest growing packaging technologies,” Yu said. “That’s why we’re focusing on it at Avery Dennison. Our Shrink Film Portfolio consists of nine films available in both stock and

custom. All standard products are printable via UV Flexo and UV offset, with an ITC coated option for digital available as well. Plus we offer minimum orders of one roll with select service programs.”

So where is shrink headed? Onto presses everywhere. Sleeves for the promotion and marketing of both beer and nonalcoholic beverages will continue to see significant growth. In addition, burgeoning shrink digital solutions will feed the need for personalization, promotional flexibility, regional marketing campaigns, test marketing, event customization, and more product variety. All of which will make shrink a growing player in tomorrow’s labeling technologies.

- 1 <http://www.marketsandmarkets.com/PressReleases/shrink-stretch-sleeve-labels.asp>
- 2 <http://www.businesswire.com/news/home/20160907005771/en/Global-Pressure-Sensitive-Labels-Market-2016-2020-->
- 3 <http://www.freedoniagroup.com/industry-study/stretch-shrink-film-3262.html>
- 4 <http://www.packagedesignmag.com/content/more-just-a-label-shrink-sleeves-elic-it-consumer-emotions>
- 5 <http://www.bevindustry.com/articles/89077-shrink-sleeve-labels-offer-increasing-versatility-for-beverages>
- 6 http://www.consolidatedlabel.com/custom-label-capabilities/print-products-processes/shrink-sleeve-labels/?gclid=CjwKEAjwgtTJBRDRmd6ZtLrGyxwSJAA7Fy-hBO fUP2Tcd0FTMYEq1IX67CQyWMjAVOYrljQc03YRBxoCD27w_wcB

All comparisons are believed to be reliable and accurate. However, the furnishing of such information and comparisons is for reference purposes only and does not constitute a warranty of any kind. Actual product performance should always be tested for fitness-for-use

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