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Plastic resealable bottles provide the ‘wow factor’ for growing milk’s market share

Call it the wow factor. Confronting a thirsty consumer walking into a convenience store are half a dozen or more coolers stocked with leading brands of pop, ice teas, sports drinks and fruit punches. Each of these beverages, vying for the consumer’s attention, has been packaged with the wow factor in mind. Their bright colours and eye-popping graphics try to entice the consumer to choose them over competitors.

Milk, thanks to the introduction of plastic resealable bottles a decade ago, is in the game, too. While the venerable gable-top carton still dominates in some outlets selling single-serve containers of...
milk, plastic resealable bottles have a firm foothold in many major marketing channels, especially where consumers buy a beverage while on the go.

Encouraging signs have emerged that this packaging strategy is working. Recent year-over-year figures have reported sales for one category of milk in plastic bottles mushrooming by almost 170 per cent nationally and 200 per cent in Ontario and the Maritimes [see chart, page 29]. The industry considers these numbers as mostly increased consumption, with little cannibalization of existing sales.

A major U.S. fluid milk processor, Dean Foods, sparked this packaging revolution in 1997 when it introduced Milk Chugs. Backed by a major marketing campaign, they proved a smashing success. In the first six months after their introduction in Florida, sales of milk in pints [500 millilitres] soared by 47 per cent. In Illinois and Wisconsin, sales almost doubled.

U.S. dairy farmers have been supporting this innovative packaging with their wallets and have benefited from higher milk consumption as a result. In 2006, fluid sales increased 282 million litres, or 1.2 per cent. The industry there credits much of the increase to food service sales of milk in plastic bottles.

The plastic resealable bottle resulted from opportunities identified in 1995 by the Fluid Milk Strategic Thinking Project. Alarmed by declining fluid milk consumption, U.S. producer and processor organizations created the project to come up with ways to compete with soft drinks and other beverages.

Among the recommendations was upgrading milk packaging. This meant attention-grabbing graphics on containers that were portable, easy to open and resealable.

The venerable Journal of Dairy Science, usually noted for publishing scholarly articles about reducing mastitis or increasing effective fibre in rations, took note of the packaging issue in 1999. It published an article by D.M. Gorsky-Berry who convincingly argued that a “product has to look as good on the outside as it tastes on the inside.”

“Packaging involves style, shape, special features and graphics,” Gorsky-Berry wrote. “If a package grabs a consumer’s attention the first time, it will be purchased. If it tastes good, it will be purchased again. “This attraction that a consumer has to a product is the wow factor. Wowing is a very prevalent feature in the marketing programs of other foods, which also needs to be applied to dairy.”

The article went on to note the phenomenal success of Milk Chugs, citing the product as an example of what the industry needed to do.

“The attraction that a consumer has to a product is the wow factor.”

—D.M. Gorsky-Berry

While plastic resealable bottles have represented a major leap forward for marketing single-serve sizes of fluid milk, the gable-top carton still plays a role. The major issue is basic economics: putting milk in plastic bottles costs more than putting it in cartons.

Food service profit margins tend to be narrow. That makes cost a critical factor when operators consider products they will sell.

The cost factor could be especially critical in school milk programs, notes Ian MacDonald, national director of marketing and nutrition for Dairy Farmers of Canada.

Gable-top cartons have the edge in this market.
able to transform milk from being perceived as boring white stuff or for chocolate milk from being perceived as boring brown stuff to an exciting beverage.”

The industry can use packaging to help promote milk consumption, Gorsky-Berry wrote. “The power of packaging and graphics cannot be

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![Figure 1: Energy Status of the Cow](image)

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underestimated. Fifty per cent of all purchase decisions are made at the point of sale. Packaging influences purchase decisions, especially for first-time trials.”

The U.S. dairy industry has been paying attention. As in Canada, gable-top cartons still abound but a lot of producer-funded effort has been put towards promoting plastic bottles.

A survey of school-aged children in 2005 found that 51 per cent said they would choose milk over other beverage options if milk were offered in plastic bottles. Milk in cartons got a positive response from just 24 per cent.

Conducted for the National Dairy Council, the survey results showed students considered plastic bottles cool, trendy, stylish and fun. The vast majority said bottles were a better container and two-thirds claimed the milk inside tasted better.

Nearly 7,000 U.S. schools now offer milk in plastic bottles for consumption with meals. Dairy Management Inc. [DMI], a producer-funded organization that oversees U.S. dairy product promotion and advertising, reports that plastic bottle sales in schools represented an additional 24.28 million litres in sales last year. DMI’s New Look of School Milk program aims to push those numbers higher.

DMI has also partnered with U.S. restaurant chains to get them to switch over to plastic bottles. McDonald’s, the world’s largest fast-food leader, got a jaw-dropping response when it replaced cartons with plastic bottles in a 2004 pilot test: a 400 per cent increase in milk sales. In short order, McDonald’s in the U.S. introduced its eight-ounce [250 mL] plastic Milk Jugs nationally.

DMI’s partnership with Wendy’s yielded similar results. Burger King joined the fold last year, and more recently Sonic and Subway have come on board.

Subway, positioning itself as a provider of healthy alternatives to traditional fast-food fare, began offering low-fat white and reduced-fat chocolate milk in March. “Milk is the original healthy beverage and a natural choice ... it’s the perfect way for the Subway restaurant chain to continue supporting well-balanced eating alternatives,” says David Zambory, a company research and development specialist.

The success of the plastic bottle south of the border in the late 1990s attracted attention here at home. In our June 1999 issue, The Milk Producer published a feature about new offerings from Canadian processors. Since then, product lines have expanded to add new brands and products. For instance, you can now buy drinkable yogurt in a plastic bottle.

Neilson Dairy, based in Ontario, took note of the Dean Foods success with Milk Chugs, notes Greg Jenkins, the company’s vice-president of sales. However, Neilson also wanted to add the innovation of aseptic packaging to provide more options for market-

Chocolate has proven to be the most popular flavour offered.
It invested heavily in the technology needed to bring the new packaging to market and opened its Ottawa bottling facility in 2003.

In aseptic packaging, milk goes through an ultra-high-temperature process that kills bacteria. The process then fills bottles in a sterile environment, meaning no bacteria are present, Jenkins explains.

Once filled and sealed in the bottle, the milk is shelf-stable so it can be transported and stored without refrigeration, he says. “That’s the real innovation.”

Neilson’s line of shelf-stable products in plastic resealable bottles has increased the number of outlets where milk can be sold, he says. No longer does a distributor need a refrigerated truck to deliver milk.

“We can take milk to new places,” Jenkins says. Neilson distributes plastic bottles on its own milk trucks and also through other wholesalers and distributors. That means small convenience stores, for example, that may have once sold only pop or juice can now add milk to their offerings.

In marketing its products, Neilson has a high recognition factor among consumers for its own brand. But it has also struck deals to market milk-based beverages bearing well-known trademarked brand names Nesquik, Rolo and Coffee Crisp from Nestle, and Crispy Crunch and Caramilk from Cadbury. Various products are sold in 325- and 473-mL bottles, with a one-litre take-home size.

These products are available in supermarkets where consumers will often buy several bottles at a time, especially when they are featured, Jenkins says. “But we really want to be where the consumer is for on-the-go sales.”

That’s where the resealable bottle can make an impact. For starters, they fit in vehicle cupholders, an important factor for “dashboard diners,” he says.

Another important aspect of bottles is that they let processors use eye-catching graphics. This is especially important in a convenience store lined with rows of coolers filled with competing beverages. “Something’s got to jump out and say to the consumer ‘pick me’,” Jenkins says.

Milk sales in single-serve plastic bottles largely represent market growth, he says. There is “very little” cannibalization of existing markets. For future growth, he sees getting bottled chocolate milk into school programs and

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—Greg Jenkins

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While bottled milk sales represent "some cannibalization," they also present volume growth opportunities, says Kelly McGregor-Gillespie, vice-president, marketing, for Agropur's Division Natrel. Consumers are moving away from soft drinks to healthier alternatives such as flavoured milks.

Natrel made a major investment in its Montreal bottling facility and was the first Canadian processor to offer shelf-stable flavoured milk in single-serve bottles. Its product line now includes Natrel white, chocolate and vanilla-flavoured milk as well as cafe au lait, and Hershey milkshakes in such flavours as Hershey Chocolate, Oh Henry, Double Chocolate and Cookies’n’Cream. Products are sold in 350-mL bottles and in some cases six-packs of smaller 200-mL sizes.

Plastic bottles have helped to revitalize milk’s image, she says. They give milk “the look and feel of single-serve juices and drinks that have been in resealable bottles for years.”

Now widely distributed, this package has proven attractive. Packaging imagery and branding strongly influence consumer purchases but there is more to it than that, McGregor-Gillespie adds. “It has to be balanced with the right product, distribution, pricing and communication plans.”

She also sees food service as the biggest growth opportunity. She cautions, however, that the food service industry has tight profit margins. So far, many outlets, such as schools and fast food restaurants, have been unable to justify selling milk—already a high-cost item compared to soft drinks—in plastic bottles that would make it even more expensive.

Getting bottles into schools poses a challenge at the elementary level, says Ian MacDonald, national director of marketing and nutrition for Dairy Farmers of Canada. Pricing, along with social and economic factors have to be considered. Since bottles are more expensive than cartons, cartons may still have to play a role in school milk programs.

However, price is less of a factor in retail sales, he says. And with Canadians eating one in three meals away from home, food service has the greatest potential for growth. “The out-of-home market for dairy is underdeveloped in terms of the single-serve market share,” MacDonald says.

The work DMI did with U.S. fast-food restaurants resulted in a positive spin, he notes. What DFC learned in making similar proposals to the same companies in Canada was that milk already had a greater penetration in the fast-food business here. “So, the room for growth due to the transition to plastic is lower, but still worthwhile to pursue,” he says.

DFC is waiting for various players in the food services industry to decide on making the transition. They need to take into account pricing and supplier policies. Then there’s the investment required: the switch to plastic bottles would mean greater milk sales volumes and the need for equipment to handle it. Once food service operators give plastic resealable bottles the green light, he says, DFC is prepared to work with them.

The overall outlook is positive, MacDonald says. “The transition to plastic is forecast to increase volume due to the product benefits of portability, convenience and competitiveness with other beverages.”

Bill Dimmick is editor of The Milk Producer.

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