

We've all been told where the markets are for potential growth in the use of metal packaging but rarely how these markets could be exploited.

Last month's Canmaker Summit in Singapore, a depleted but nonetheless high-quality audience heard some remarkable insights into the detail of the Asian, Japanese and Chinese markets and where the key players are directing their resources.

Delegates who braved the growing risks presented by the Sars virus scare in South East Asia found that it was well worth the effort.

Steve Bettcher, in charge of Alcan's global aluminium canstock business, highlighted in his keynote address not only the potential offered by the growing numbers of young Asian consumers — whereas GDP in the US grew 500 percent in the past 20 years in Asia it grew 1,000 percent — but where mistakes had been made in the US market and how they might be addressed.

He admitted that from 1990, most of the growth in the US soft drinks markets had been taken up by PET bottles, because they had been promoted more effectively.

"It was fun up to 1990 because customers were paying list price," said Bettcher. "Then we took our eyes off the ball. Since then we've been on the defence.

"The plastics folks have done a number on us and we're fed up with the distortions that have been shown. We must go on the offensive to the PET folks," he said.

"To truly rejuvenate the beverage can we need new concepts," said Bettcher, pointing to products that appeal to younger consumers. "The market is the children of change: the new generation of baby boomers. We must get the Generation X and Generation Y folks to think of aluminium."

As an example he held up a Kit-Kat chocolate can used by Nestlé. "This is an exciting opportunity," he said.

Bettcher also feels that opportunities to promote aluminium against plastics using recycling have been lost in recent years. The recycling rate in the US fell from 65 to 55 percent in the last five years, a loss equivalent to the whole Brazilian beverage can market. "The aluminium can is the only package that pays its own recycling costs," he said, but concluded with an olive branch directed at the steel and plastics businesses. "We must look at

LEAD BY EXAMPLE

If you weren't at The Canmaker Summit and the World Seaming Conference in Singapore last month, you missed out on some remarkable presentations, reports John Nutting



Selling by example: Allan Sayers shows how it's done. Right: Mitsubishi's latest bottle can features an insulated label for hot vended drinks in Japan



each other as customers with talent, not competitors."

China's markets are huge, and growing. But where do you start? Ally Liu was born in China, educated in the US and until recently worked for Roeslein & Associates, the St Louis-based project management company. Now she's the marketing chief at leading Chinese steel company Baosteel based in Shanghai. She has been looking for opportunities in what are a number of domestic markets that add up to 1.3 billion consumers: the equivalent of the US, Europe, Brazil, Japan and Russia. It is expected to be the world's biggest market by 2030, says Liu.

Canned food has become one of the largest growing industries in China, with growth of between 10 and 20 percent. Yet just eight billion cans are used — three quarters of which are for vegetable products — and domestic consumption is still

only one kilogramme per person per year.

China has 6,000 food processing companies and Liu listed the top ten which hold 15 percent of the business. Some 70 percent of canned foods are exported, almost half of which go into Asia.

Baosteel has been involved in a joint-venture DWI beverage can operation with Corus (formerly Hoogovens) and Arcelor (formerly Usinor) for a number of years, and the need to supply high-quality tinplate to this line has raised the level of its operations. "People expected us to take four years to develop our DWI tinplate for beverage cans. It took us six months," said Liu, who observed that China has limited aluminium production capacity, which places her company in a good position to feed a growing tinplate can industry.

Such is the growth of the canned food business that Liu thinks it could soon support China's first two-piece DWI steel food can line. And although there is high demand for high-quality easy-open ends for food cans, there is as yet no domestic manufacturer. "Most come from Korea and Thailand," said Liu.

To support development of steel cans in the growing drinks markets, in addition to food, Baosteel is planning to set up a Joint Laboratory of Packaging Technology that will promote DWI tinplate forming technology, filling technologies, downgauging, new product development and, says Liu, to provide a "window to the world".

The bigger picture of the world markets was offered by financial analyst Arthur Stupay, who started by revealing that the global packaging business is worth \$417 billion, of which metal packaging has 20 percent with a value of \$83 billion and plastics 34 percent and \$142 billion.

Stupay sees potential for growth in Asia "because it is at the start of its soft drinks usage with a current low level of per capita consumption compared to other markets.

"Metal can usage should grow by four per cent up to 2020," he predicted. "One percent because of population increase, one percent because of income rises, one percent because of the rise in living standards and one percent because of distribution improvement. That's why I'm very positive ▶

CONFERENCE REPORT

about the future of the can.”

Mitsubishi Materials has been making aluminium bottles with 38mm resealable caps under licence from Takeuchi Press since last August, said Hiroshi Ueno, assistant general manager in the technical development department based in Tokyo. Its 211-diameter containers are die-necked down using a rotary process similar to that employed on aerosol lines (and is now being offered by Omnitech Engineering in the US), but the company has been mindful of the need to ensure that the containers appeal to the growing number of female consumers.

This has dictated that it concentrates on design details such as reduced opening torques. Mitsubishi installed its third bottle line in February to bring total capacity to 1.2bn units. Production in 2003 is expected to be 900m across 25 labels for isotonic drinks, functionals, teas, juices and alcoholic drinks.

The latest version is a bottle launched for hot vending that has an embossed ribbed body and a shrink-applied insulating label. “This enables female consumers to hold the can during opening despite its 60 deg C product temperature,” said Ueno.

During the World Seaming Conference



Don't do as I say, do as I do, delegates were told at the Canmaker Summit. Below: Ally Liu said Baosteel is planning to expand the markets for canned products in China with a view to boosting exports



chairman Peter Moran of CarnaudMetalbox Engineering Seaming Systems highlighted the need for attention to be paid to ‘seam bump’ issues, mostly caused by inadequate capability, and tighter standards for the specifications of food cans and ends. Canmakers had allowed these to be too wide and at the limits of the tolerances there were still too many tight or loose seams, he said.

Among the wide range of seaming issues covered, Spanish engineering research group Idom revealed a new design of seaming machine for irregular-shaped cans. This, said Amaia Zarraoa, removes the flexibility in the linkages found in contemporary seaming systems and makes possible the easier introduction of higher tinplate tempers, lower gauges and more complex shapes.

But no matter how impressive the can and its properties, it's of no use unless it is sold effectively. Allan Sayers, publisher of *The Canmaker*, told delegates that the importance of a good sales team could not be overstated, and provided a powerful example. He's just helped launch a range of canned fish baits that are proving highly successful – and profitable — in the angling world. Don't do as I say, do as I do, is the motto. 