New legislation causes crack down on packaging industry

Retailers can expect major changes to labelling, barcoding and packaging of products

By Lisa Dewberry

South Africans have been waiting 17 years for the new food labelling and advertising legislation which will kick in on 1 March 2012. In addition regulations on trans-fats and product recall are set to ensure that more dynamic and informative packaging is introduced to the market and that there will be consistency in the retail industry when recalling a product from the shelf.

Labelling and advertising legislation broken down

The implementation of the Labelling and Advertising of Foodstuffs (R146), from the Foodstuffs, Cosmetics and Disinfectants Act of 1972 (Act 54), will see all food labels and advertising conforming to the same format with all superlatives and claims used on food labels and in advertising disappearing. This will ensure a fair comparison and truthful descriptions of products.

The new legislation will prevent the use of misleading and ambiguous messages regarding the characteristics of foods and beverages on sale to the public. “In the past food manufacturers have used marketing strategies that have possibly incorrectly informed the purchaser. This has consisted of totally incorrect untruths on the labels of products misleading the consumer resulting in incorrect presumptions about nutritional information,” says Roland Pinz, managing director of Proscan Media Group, a supply chain, automated data collection and mobile computing technologies company.

According to Stephen Beattie, general manager of Pyrotec, a product identification solutions company, some key factors why it has taken so long for the new regulations to come into place are because of differences in interpretation between international and South African industry norms; conflicting viewpoints on when a foodstuff becomes medicine; and the democratic process where a version of the draft Act was printed and commentary concerning the draft was invited. Beattie says the new regulations will result in space and communication challenges on labels as brand owners work out how to include additional necessary product information as laid out by the legislation.

The design layout of labels will also be affected by specifications saying certain information must be in close proximity to other content and the size of the typeface of text such as ‘warnings’ has been specified in some cases. The content of the copy will be changed to exclude certain words and content claims too.

False claims go out the window

Dr Ingrid van Heerden, a doctor specialising in nutrition and biochemistry from the Health24 website, says one of the stipulations the new law mentions is that food manufacturers who include a typical nutritional information table on a food label will be allowed to state the given food is ‘A source of’, ‘High in’ or ‘Low in’ or ‘Free of’ a given nutrient. However she says the new law states it is not compulsory for food manufacturers to publish a typical nutritional information table on a food label if they are not going to make any ‘High or Low’ claims about that food.

Smaller food manufacturers who cannot afford the costs of having their food products analysed by an accredited laboratory every three years to have proof on file ready for inspection, may decide to leave out the typical nutritional information table.

According to Dr Van Heerden, another specification in the new law is that the phrase ‘No sugar added’ will be prohibited from all foods that inherently contain any type of sugar. Fruit juices that inherently contain high levels of fructose, fruit concentrates, but no added table sugar, may no longer display a ‘No added sugar’ claim on their labels. The Department of Health, which is responsible for formulating food labelling regulations states there are omissions which have not yet been included in the new law, but these issues will be addressed in a Phase 2 document which will appear at a later date. Some of these omissions include the labelling of slimming and diabetic products.

Trans-fat restrictions will change labelling

Another regulation looming that will affect labelling of products is the Trans-fat in Foodstuffs (R127) from the Foodstuff, Cosmetics and Disinfectants Act of 1972, coming into effect on 17 August. Trans-fats are said to increase the risk of heart disease. In a written reply to Parliament in October 2009, Aaron Motsoaledi, Minister of Health, says foods in which the fats account for more than 2% of the oil content, ranging from spreads to biscuits will be banned from supermarket shelves. Restaurants and catering companies will also not be permitted to use most trans-fats. These regulations prohibit the sale, manufacturing and importation of any processed foods exceeding 2g per 100g of oils and fats containing partial hydrogenated fats and oils, called trans-fats.
Some trans-fats occur naturally in meat or dairy but the new regulations refer to those trans-fats made artificially through a chemical process of partially hydrogenating vegetable oil turning it into a semi-solid substance like margarine. According to an article by Anna Majavu on Times Live in June, many biscuits and margarines have already cut out trans-fats, but products such as Pick n Pay’s in-house brand of strawberry and raspberry jaffa cakes containing 2.1g of trans-fat in every 100g of fat will be affected. Majavu reports that Woolworths says it had already removed trans-fatty acids from all in-house food products in 2007 and that Peter Arnold, Pick n Pay’s acting merchandise director, says all products sold at Pick n Pay will comply with the proposed legislation by 17 August. The article also mentions that Sarita van Wyk, spokesperson for Shoprite-Checkers, says products not meeting the 2% maximum for industrially produced trans-fats at their stores will be removed by the deadline.

According to Morné Reinders, spokesperson for Clover, the trans-fat regulation will not have an effect on any of their products as it is only applicable to industrially produced trans-fatty acids. Natural trans-fatty acids in meat and milk from cows and other ruminant animals are not subject to the regulations. “All Clover products are constantly tested and comply with all foodstuff legislations. The trans-fatty acids occurring in a number of products including Butro are natural and not as a result of any industrial manipulation or processes,” say Reinders.

Energy drinks conform to the law
Hugh Melamdowitz, partner at law firm Spoor & Fisher, adds that when it comes to energy drinks, the new regulations require that these drinks with more than 150mg per litre of caffeine must have a message on the main panel of the label, in bold capital letters not less than 3mm in height stating ‘HIGH CAFFEINE CONTENT’. The label will have to say in a clearly legible message: ‘Not recommended for children under 12 years of age, pregnant women, persons sensitive to caffeine and not to be consumed as a mixture with alcohol beverages’. It will also need to include declarations on the quantity of caffeine per serving size and per 100ml, expressed in milligrams. The public has until 13 August to comment on the draft amendment.

Playboy Energy Drinks, which launched in South Africa in 2010, have already made accommodations for the legislation by adding warning labels and dietary supplement product intention to their cans.
A barcode verification system will prevent fines

With the strict new stipulations concerning the new food labelling and advertising legislation on the way, fast moving consumer goods (FMCG) manufacturers in South Africa run the risk of being heavily fined for inconsistent and unreadable product packaging barcodes. This is according to Mark Sherriff, director of Labelpak, a labelling and packaging solutions company, who points out that companies not in compliance with the stringent rules can face a fine of up to R100 per product containing an unreadable barcode. Barcode printing can significantly vary with the slightest changes in the substrate, ink or the humidity and temperature levels in the printing room. “It is vitally important in today’s consumer-focused economy to have an in-house barcode verification system on the first print off the press and on intermittent production cycles through the job to ensure the barcode meets all quality requirements set out by the South African Numbering Association and the Consumer Council of South Africa (CGCSA),” says Sherriff.

In addition to a heavy penalty, he notes that a faulty barcode may lead to a product jamming the scanner at a supermarket checkout causing embarrassment to the customer and the teller and causing delays in the queue. This negative experience may prompt the customer not to return to that particular store and avoid the product in the future resulting in serious consequences for the shop and manufacturer of the brand. According to Sherriff, manufacturers of aesthetically pleasing products such as liquor and cosmetics are particularly prone to neglecting barcode quality and retailers should be aware of this. He says the two most common barcode errors in the South African industry are a result of truncation where the recommended size of the barcode is diminished and where incorrect spacing in the quiet zone (the empty space between the first and last bar in the barcode) can result in scanning failure.

The barcode is the least attractive part of the label so many manufacturers diminish it down to 70% of the recommended size so that it takes up less room on the label. “This is a dangerous mistake, as reduced barcodes are prone to failure. Printers and packaging designers often make the mistake of not allocating the required space to the quiet zone and this too results in poor or unreadable barcodes,” says Sherriff. Additional challenges facing barcode printing include print gain (a process where the bars become too thick and the spacing between the bars becomes too small), positioning of the barcode, creasing in packaging and contrast. Colour combinations are also important to consider and the barcode must be distinctly identifiable against the colours of the labeling. Black or blue colours are the best option, while red is the only colour that should never be used as the scanner will not be able to read it.

Manufacturers will revamp packaging

Stephen Beattie, of Pyrotec, says packaging is a critical factor influencing the consumer’s purchasing decisions and 70% of all these decisions are made in-store with consumers spending an average of only 20 minutes in a store at any given time. With the new labelling and advertising of foodstuffs regulations being implemented, most product packaging will have to be redesigned to meet the requirements of the legislation. This brings an opportunity for retailers to select from new innovative and creative packaging that has a competitive edge.
According to Beattie, packaging has progressed from mainly an informational tool to an identification tool and recently an experience tool and says there are a couple of key areas to be focused on when looking at effective product packaging. “The packaging should be original and have a fresh design that catches the eye with bright, bold colours to draw the customer in. The design should have a ‘wow-factor’ giving it real selling power with clever use of space supplying customers with the right amount of relevant information,” he says. A competition element will also attract new customers and boost sales and on-pack devices, whether sms-based or a form filled out and can be used to get feedback from customers.

A few key trends in packaging for the year ahead include new technology, sustainability and environmentally-friendly aspects. “A number of new technologies are set to revolutionise the packaging industry globally from thin film to printed batteries and paper-thin video screens. These technologies will have a massive impact on customers making purchasing decisions,” says Beattie. Adding sound, light, colour and movement to packaging will allow retailers who first adopt the new style in packaging to capture significant consumer attention share, leading to increased sales. However, it will still be some time until South African consumers start seeing these technologies in stores. Beattie adds that another key trend will be the rise of self-adhesive labels, replacing the glue-applied labelling lines. Self-adhesive labels have greater scope for innovation since the new technology makes it possible to design, print and die-cut labels in complex shapes and sizes not possible before. “Heineken, a global beer brand, is an example of the new self-adhesive labelling technology at work. The use of new labelling on the same product of beer in the same bottle has resulted in a different consumer experience,” says Beattie.

Cost-effective ways of adding more information about a product include the Fix-a-Form Leaflet Label, which can give customers value-adds such as recipes, marketing messages, coupons and competitions. They are easy to apply and allow for a wealth of additional information at an affordable cost. Beattie says a number of market research companies do quarterly or annual research into the impact of product packaging to gain a better understanding of how customer needs have changed. However, it is always best to partner with an experienced supplier who can provide expert guidance on the current product packaging and suggest ways of improving it.

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Packaging will have to be redesigned as the new legislation comes into effect in March 2012, giving retailers an opportunity to select new innovative and creative packaging with a competitive edge.

Environmentally-friendly packaging monopolises market

The demand for sustainable, environmentally-friendly packaging is greater this year than ever before as it meets the customers’ desire for their purchases to serve a greater purpose. Easy-to-implement solutions such as the Do-It Hang Tab, a product hanger, which reduces product packaging and saves on transport costs, offers an efficient way of reducing the product’s impact on the environment and lowers the carbon footprint.

Amanda-Leigh Yong, marketing communications specialist for Nampak, says the development of sustainable packaging is one of the main challenges facing the packaging industry and Nampak recognises the role it plays in providing products and services which minimise the impact on the environment and on consumers. “The group strives to create packaging that is balanced in product protection and preservation, cost-effectiveness, maximum consumer appeal and environmental responsibility. The increased awareness of waste drives a trend to reduce perceived ‘over-packaging’.

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Appropriate packaging of a product can maintain high standards and prevent waste,” says Yong.

Nampak’s Corrugated division has increased the portion of recycled paper in its board produced by the brown paper mill at Rosslyn in all its products. Work is continually being done to establish new sources of raw material as potential recyclable waste paper and research continues on strength tests between recycled and virgin material to determine an optimal level of recycled content.

Yong says that investigations into lightweight food may result in further reductions in can weights by the company during this year too. This initiative was born out of a cost-saving exercise and will cause significant resource conservation in future. Petpak is also driving the lightweighting of products which supported the introduction of its range of lighter bottles in 2011.

Recall guideline creates consistency

Another regulation introduced on 1 June is the Food Industry Recall Guideline, a written action plan to prevent consumers from buying or consuming potentially unsafe food products. Nestlé France voluntarily recalled its baby food in glass jars known as P’tit Pot Recette Banana baby food in July after a consumer found glass in one jar. According to Motshidisi Mokwena, spokesperson for Nestlé South Africa, these products are currently not available in South Africa and the recall was a precautionary measure taken in France and is isolated to France only. “The quality of all Nestlé products are a non-negotiable priority,” says Mokwena.

A team, rather than one individual, should manage the consumer safety recall. The swiftness at which a recall develops can make it easy to lose control of the situation, resulting in the recall being scrutinised by media or authorities. Businesses should discuss insurance and other expenses with their broker, insurer and finance division to ensure they are protected from financial ruin. Insurance such as Product Recall and Contamination cover, including salvage of goods, incidental risks such as brand protection and business interruption should be looked at. “Retailers should be aware that this guideline should not be used as a company ‘procedure’ but rather to enhance current recall systems, which should be tested regularly to verify effectiveness,” says Burger.

Manufacturers run the risk of being heavily-fined by up to R100 per product for inconsistent and unreadable barcodes.

The Food Safety Initiative (FSI) implemented the guideline because the ability to remove products from the market rapidly and effectively is vital to every food producer and distributor. Ronel Burger, head of the FSI, a division of the Consumer Goods Council of South Africa (CGCSA)