COMMENTARY

Beware the fallout from enforcing tighter packaging rules

"Glitzy packaging is an easy scapegoat in discussions about consumers' poor lifestyles and diet... Legislators must bear in mind the unintended consequences of tighter packaging guidelines when considering the implementation of such laws."

By Mike Ridgway

In 1975, food-and-beverage giant PepsiCo started its legendary marketing campaign in which regular people took a blind taste test and drank from two cups, one filled with Pepsi, the other with Coca Cola, and picked a favourite.

The campaign is still being recreated for fun now, this time updated for the social-media generation. Instead of picking out their preferred drink, fans of either brand are often asked to name what they are drinking. It is harder than thought: An experiment by media company Business Insider with 21 participants found that more than half guessed wrong, even though all said they were confident of naming what they were drinking.

The short, just-for-laughs clip drove home a simple fact: packaging and branding made all the difference. The cola drinkers' loyalties were to the brand, not to the taste of the beverage. The brands obviously know this, because both companies devoted almost US$4 billion, more than a 10th of their gross profit, to advertising and marketing expenditure in 2015.

But such branding efforts will be made useless if plain packaging – a growing threat to the packaging industry – is introduced for sugared drinks. Plain packaging is that which removes all branding, including colours, logos and trademarks; manufacturers are allowed to print the brand name only in a standard size, font and placement.

As developed societies grapple with increasing health issues such as obesity, diabetes and heart diseases, lobbyists have pointed to glitzy product packaging as the cause of the problem.

The reasoning is that people pick out these products because of their attractive package designs. If the design elements are removed from the packaging and large graphic warnings took the place of fancy fonts and colour combinations, the unattractiveness of the packaging will turn consumers off.

Plain packaging has already been introduced for tobacco products in Australia, France and more recently, the UK and Ireland. Whether the move has indeed lowered smoking rates, or merely moved smokers towards illegal cigarettes, is unclear.

But one thing is certain: Supporters of plain packaging, boosted by the development in the tobacco sector, are calling for tighter packaging guidelines for products such as sweetened drinks, confectionary goods and alcohol.

GO PLAIN FOR ALCOHOL?

In February, Public Health England, an executive agency of UK's Department of Health, urged the government to consider plain packaging for alcohol, arguing that the current alcohol labelling was ineffective at changing drinking behaviour.

In June, members of the British Medical Association, the professional association for doctors in the UK, called for tobacco-pack style warnings for sweets to fight against childhood obesity and rising tooth decay rates.

But the law leads us down a slippery slope – which product type should have plain packaging next? More importantly, it comes with negative downstream effects on the economy.

Firstly, intellectual property rights are compromised when brand owners are not able to use their brands on their own products. Organised groups producing counterfeits will have an easier time faking a product that has standardised its packaging to a template. Brands invest hefty sums in anti-counterfeit efforts to protect their logos and trademarks. But a law like plain packaging hands valuable information to counterfeiters on a plate.

Once the syndicates get their hands on the plain packaging template, there is little stopping them from bulk producing fake goods that look so genuine it is hard to tell which is the real deal.

Secondly, plain packaging discourages innovation. Brands will have few reasons to invest in branding and product differentiation.

Starbucks, which prides itself as an eco-friendly brand, has poured in resources not only to develop new flavours, but also to improve their cups to make them in line with the brand's environmentally-conscious image. The company introduced paper cups in the 1980s and later started using its now signature hot-beverage sleeve made of recycled materials, to do away with double-cupping hot drinks.

In 2008, it switched the components in its plastic cups to reduce the amount of greenhouse gases produced. The end product is still a plastic cup that looks no different from other plastic cups. But it was produced with sophisticated technology and backed by solid research.

Say a law is passed tomorrow mandating that all human beings have to wear black shirts, pants, and shoes of the same cut and style – a not-too-long-ago reality under Communist regimes like China. It is unlikely anyone would pay a premium price for a black shirt by a bespoke tailor who sewed the fabric by hand, over one made in a factory that produced dozens of shirts per minute, since the end products look the same.

It is not serendipity that we remember Coca Cola's signature red and white logo with its ribbon design, and know from afar that the two golden arches belong to McDonald's. Millions of dollars were pumped into branding, designing and advertising to ensure that these logos cut through the clutter and stay on top of our minds.

BRANDING BECOMES REDUNDANT

When a product's design is pared down to its most basic, the branding effort is so simplified it is almost redundant. This means job functions are lost and machines previously working at sophisticated levels are now dumbed down and no longer operating at their full potential – an inefficient way of using resources.

The effects of such inefficiency have started showing in the tobacco industry in UK, where plain packaging has been enforced. A handful of companies in Bradford and Bristol that manufactured packaging for tobacco products have closed shop, with the new legislation having made their work unsustainable.

Other industries that work closely with packaging companies, such as the materials sector and the advertising and branding agencies, will take a hit as well, because having stricter packaging rules means fewer jobs for them.

Glitzy packaging is an easy scapegoat in discussions about consumers' poor lifestyles and diet, which can and should be improved by strengthened communication, education and public-awareness efforts.

Legislators must bear in mind the unintended consequences of tighter packaging guidelines when considering the implementation of such laws.

The writer is the director of the Consumer Packaging Manufacturers Alliance, a UK-based independent advisory body of the packaging industry.

COMMENTARY

Singapore leads the way in innovation

By Gianfranco Casati

SINGAPORE has once again stood out as a hub for innovative thinking.

Early this month, Accenture, in its first global digital hackathon, challenged young, talented people from 11 cities to prototype digital solutions that create a truly-human city environment. Close to 500 recent graduates, undergraduates, entrepreneurs and individuals from startups in more than 100 teams took part in the event across the 11 cities (Bangalore, Chicago, Dubai, Istanbul, London, Manila, Mexico City, Monterrey, Rome, Shanghai and Singapore).

The winner was from Singapore. Team Wombat developed a prototype for an early-warning system to detect and prevent outbreaks of dengue fever and other vector-borne diseases. The system, named Dragonfly", is a system that attracts arthropods such as mosquitoes and identifies their species. In their presentation at the hackathon, the team presented a model of a flytrap that uses blue light to attract mosquitoes. Leveraging on Internet of Things technology, the system transmits the breed of arthropod and sends the data to the health authorities for analysis.

Such a practical solution from young startups in Singapore comes as no surprise to me. In my role as group chief executive of growth markets for Accenture, I see how young people around the world are looking at the problems facing their communities and solving them with digital solutions. As I live in Singapore, I am proud to see the government and local industry being so supportive of such innovation.

For example, for this Singapore event, Amazon Web Services (AWS) supported the challenge locally. The government has consistently recognised the need to invest in innovation. Last year, it announced it would spend S$19 billion to support research and development over the next five years; this year, it said it would spend more than S$150 million on artificial intelligence over five years.

Consider other events that Singapore has promoted this month. The second Singapore Fintech Festival began on Monday, welcoming more than 25,000 participants from more than 100 countries. It is a marquee event that puts Singapore squarely at the centre of financial-technology innovation.

At the event, the organisers – the Monetary Authority of Singapore (MAS), in partnership with The Association of Banks in Singapore (ABS) – announced some major initiatives in thought leadership too. For example, they published a report called Project Ubin Phase II, which shows how blockchain technology can improve the payment systems that now enable banks around the world to transfer trillions of dollars a day to each other and help them manage their financial liquidity.

That might not be as immediately relatable as helping to identify the mosquitoes that carry dengue fever, but it is a case of our monetary authority taking on the technical challenge of implementing new technology and determining how feasible it is to apply. It shows a willingness to lead the way globally.

Singapore is demonstrating that it has a rightful place at the innovation table – leading from the top down to the school level and thinking outside the box to solve problems.

The writer is the group chief executive of growth markets for Accenture.

Protesters outside the White House in June. Implementing Paris will require diverse, often decentralised policies by different economies. This flexible arrangement is more likely to yield results even with the exit of big players like the US as a result of Mr Trump's pullout. PHOTO: AFP

Climate change treaty can still deliver, despite US pullout

Unlike the 'top-down' Kyoto Protocol, the Paris Agreement is 'bottom-up'. BY JOHN PRESCOTT and ANDREW HAMMOND

THE 2017 UN climate change summit in Bonn, Germany, finishes on Friday. Coming amid growing scientific alarm about global warming, the chair of the event called for a landmark end to the event that "restates the vision of (the) Paris" landmark climate accord agreed in 2015.

It is fitting that the Fiji prime minister is chairing the meeting given that the very existence of low lying islands is threatened by sea level rises due to climate change. It is also redrawing the map of the world with key cities like Rio de Janeiro, Shanghai, Osaka, Miami, Alexandria and The Hague threatened, too.

On Oct 30, the World Meteorological Organisation warned that the last time carbon dioxide concentrations in the atmosphere were as high as now was three to five million years ago, and that temperatures could continue to spike, hitting dangerous levels by 2100 – unless world leaders take major action.

In what is a tough backdrop for the first Pacific island nation to chair the event – the first time the annual summit has convened since Donald Trump pulled the United States out of the Paris deal – implementation of Paris is a major point of discussion. This includes delivering on the targets that were decided by each country referred to as the nationally determined contributions (NDCs).

One of the highlights of last November's conference was presentation by individual countries of their plans to achieve these NDCs. This reflects the fact that Paris is a flexible, "bottom-up" approach whereby countries develop their plans to realise emissions targets with national and sub-national governments working with business.

In other words, while Paris created a global architecture for tackling global warming, it recognises that diverse, often decentralised policies will be required by different types of economies to meet climate commitments. While the wisdom of this may appear obvious, it represents a breakthrough from the more rigid "top-down" Kyoto Protocol framework.

Kyoto worked in 1997 for the 37 developed countries and the EU states who agreed on it. But a different way of working is needed for the more complex Paris deal which involves more than 170 diverse developing and developed states which agreed to reduce global carbon dioxide emissions by 80 per cent by 2050.

That this approach makes good sense is reflected in the diversity of climate measures that countries, pre-Paris, had started to make in response to global warming. This has been illustrated in reports by the Grantham Institute at the London School of Economics, including in 2015, which focused on 98 countries plus the EU (together accounting for 93 per cent of global greenhouse gas emissions). It also revealed there are more than 800 climate-change laws and policies in place across the world, up from 54 in 1997.

About half of these (398) were legislative measures, and half (408) executive actions (such as decrees). And 46 new laws and policies were passed in the 12 months prior to the 2015 Paris summit alone -- highlighting that domestic measures to address global warming are being approved at a strong clip.

Some 45 countries, including the 28 EU members as a bloc, have economy-wide targets to reduce their emissions. Together, they account for over 75 per cent of global emissions.

In addition, 41 states have economy-wide targets up to 2020, and 22 have targets beyond 2020. Moreover, 86 countries have specific targets for renewable energy, energy demand, transportation or land-use, land-use change and forestry, while some 80 per cent of countries have renewable targets; the majority of them are executive policies.

This underlines that the best way to tackle climate change is a decentralised approach with nations meeting their target commitments in innovative and effective ways that builds on this momentum.

Take Morocco, the host of last November's summit, which has become a leader in renewables.

The country gets nearly 30 per cent of its energy from renewable energy and is aiming for a goal of 50 per cent by 2030. It is an agenda setter on renewables for other emerging economies, including in North Africa, and one of the highlights of that summit was a pledge by almost 50 emerging markets from Africa to the Americas to try to become zero carbon societies by 2050 driven by these "new" energies.

A key part of the drive here is harnessing how renewables could drive a remarkable new industrial revolution potentially becoming a key source of economic growth and sustainable development. In Morocco, the drive toward renewables relies not just on big infrastructure projects like solar and wind plants, but also less expensive local, small-scale initiatives to encourage key eco-friendly projects including in agriculture.

Thus, as well as major power projects, such as the Energipro initiative which has provided Africa's largest wind farm, and what will become the largest concentrated solar power plant in the world at Ouarzazate, there is emphasis on encouraging the agricultural sector (which employs more than 40 per cent of the workforce) to become more climate-conscious. There are big plans for instance, with irrigation systems to reduce use of water and energy.

Morocco's moves here are underpinned, in part, through international collaboration which highlights that another key strength of Paris' emphasis on decentralised solutions is the international partnerships spawning between regions, cities and institutions right across the world.

For instance, the University of Hull in England has forged a relationship with the International University of Agadir, Universiapolis, to share climate research insights and technological solutions to help realise Morocco's goals to promote lower carbon growth.

Taken overall, implementing Paris will require diverse, often decentralised policies by different types of economies. If countries now leverage the flexibility of the framework, it can become a key foundation stone of future sustainable development for billions across the world in the 2020s and potentially beyond.

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