

Aluminum Bottles are Successful

Nathan Goltz

Undergraduate Student, Packaging

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Abstract: *Aluminum bottles are the future for the United States beverage packaging industry. The use of these bottles has shown to increase profits for companies. Sales data has proven that customers are attracted to the new look of the aluminum bottle. Companies are continuing to test and produce the aluminum bottle worldwide while many more companies are considering the idea of using the bottle for some of their own brands. Most of the testing is being conducted overseas and showing excellent results, which could potentially interest the United States beverage packaging market. Not only is the look of the bottle important, but so is its environmental impact. Recyclability of the aluminum bottle is another key reason why companies are making the switch. With a growing environmental concern, many major beverage companies are increasing the number of products packaged in the aluminum bottle throughout the United States.*

Introduction

The aluminum bottle has many benefits, cost-wise and environmentally, and is considered the future of packaging for the United States beverage industry. There are four main points that demonstrate this claim. First, a new aluminum bottle design will most likely appeal to customers and increase sales. Second, the technology used to produce the aluminum bottle has proven strong. Third, aluminum is highly recyclable, which has enticed many companies to use this material. The fourth and final point discussed is the challenges companies could potentially face in the future. All of these claims will be discussed, but first, a brief description of aluminum's history will be viewed.

History

The material, aluminum, has been used in beverage packaging since its introduction to society in 1957. Throughout the aluminum can's 40+ year existence, there have been a few modifications made. Only slight changes have been made to the features and overall shape. Aluminum was mainly used to produce cans in the beverage industry until 1998, when Sapporo Breweries®, located in Tokyo, utilized the first aluminum bottle to the beverage world created by Daiwa Can Company (Reynolds, 2000). Sapporo created an aluminum bottle that had the ability to use many different types of caps, such as crown or lug closure. The product was first introduced in Japan, where a popular demand for aluminum bottles occurred. Today, the aluminum bottle is slowly starting to appear on store shelves across the United States. Although the companies manufacturing the aluminum bottle are using the package for a variety of reasons, many are seeing extremely favorable sales results.

Aluminum Bottle Increases Profit

A common goal that all companies share is finding strategies of increasing profit. The new shape of the aluminum bottle is producing such results. Companies currently using this strategy are seeing increases in sales after introducing the aluminum bottle or changing their current package to aluminum. This helps to show that the consumer is willing to pay extra, which will help cover the cost associated with production.

The new aluminum bottle will help increase brand identity with company product lines, which discusses the first claim.

Snapple's® Mystic RE energy drink was the first mainstream product sold in the aluminum bottle in the United States. The product is packaged in a 14-ounce bottle and sells at the retail price for \$1.99 per unit. The package was first introduced to grocery and convenient store shelves in May 2002. Snapple has seen a 30 percent sales increase as a result of introducing the aluminum bottle to the market shelf. Snapple is expanding the use of aluminum bottles to other beverages in their product lines (Todd, 2003).

Vincor International®, a United States winemaking company, introduced one of its products, Tabu, using an aluminum bottle beverage package. Tabu, a vodka-based beverage, was introduced to store shelves in May 2002 ("Beverages flow boldly," 2002). Vincor saw Tabu double in sales, which well exceeded the company's expectations, in only its first six months on the shelf. The initial estimations were to sell 35,000 cases of the Tabu product, however sales data showed the company sold 70,000 cases in the six-month timeframe ("Beverages flow boldly," 2002). The sales data is considerable, for Tabu sells at \$3.95 per bottle and is only sold individually or in packages of 24 (Dennis, 2002). Most of Tabu's competitors sell their products in quantities of four or six. Ed Martin, Vice President of Sales and Marketing for CCL Container, stated, "Vincor wanted something cutting edge. What we came up with was a 59-mm diameter with a long-necked silhouette, unlike anything of its kind in Canada. It really grabbed the attention of the marketplace" (Kaplan, 2004, p. 59).

The aluminum bottle is slightly difficult to work with and is more expensive than the PET bottle to produce. However, as mentioned before, the customers are willing to pay for the added value (Barancik, 2003). According to Hoffman (2003), "the aluminum bottle they import from Spain costs four times as much to bring to market as glass currently, but this is due to the fact they import the bottle from Spain and are a small beverage company" (p. 22) They do not have the potential of larger companies to pursue in-house production of the aluminum bottle. Big Sky Brewing Company currently sells their aluminum bottles for \$1.79 each and they are available in 6, 12, and 24 packs.

Many innovative products emerge on the market at a higher retail prices. However, prices usually come down as manufacturing processes become well developed and companies learn how to mass-produce more efficiently. These bottles are selling faster than stores can keep the shelves stocked. Customers are willing to pay the \$1.79 for a bottle of beer, which is proof that they're not questioning the expense (Hoffman, 2003). With the customer's attraction to a new bottle design, the brand identity becomes greater. This creates an increase in sales because customers will buy what is familiar.

New Look Attracts Customers

All packaging has the potential to sell a product. When a customer goes into a store they will often check out the new package of the product they want to purchase. Not only does new packaging make customers curious about the package, the customers find out that the new package provides greater functionality than the previous package. One example is when the Coca-Cola® Corporation developed and introduced the Fridge Pack (Roskelly, 2002). This modified package allows a case to easily fit inside of a refrigerator. It's more functional than the traditional packaging because it saves space. This relates back to the aluminum bottle because companies, and customers, have seen how it is a unique package and made the switch.

Capri Sun®, a juice-making company, has produced a drink packaged in aluminum and is being sold in 16.5-ounce bottles ("Packaging strategies inside," 2003). The company plans to stock convenience store shelves with this product to create a new market. By introducing the aluminum bottle into its juice line, they will increase brand identity by attracting new and loyal customers alike.

Customers seem to be very curious when it comes to new packaging (Hein, 2003). Many customers buy a product just because of the new look, whether it is a material, graphic, shape, or product design changes. In the perfume industry, manufacturers continuously look for unique and different bottles to catch the eye of customers, intriguing them to smell their product. This is similar with the beverage industry. One of the main reasons companies are switching to aluminum is to give the customer something new and unique to look at.

The aluminum bottle is a very versatile package, as mentioned before. The package has many benefits, as it is recyclable, lightweight, durable, and resealable. They are also easier to fill and pour ("FDL have got," 2003). There are various qualities to this bottle over other ones to go along with the list mentioned above. An advantage with the aluminum bottle is that it can be resealed, whereas a can cannot. It can be taken more places with more convenience. The aluminum bottle is better than glass because it is lighter and more impact-resistant. The product is comparable to plastic, but aluminum is better in the aspect aluminum has better barrier properties. Today, many people are on the go with work, children, and school (just to name a few). Companies realize this and have created a beverage bottle to better suit their needs. This helps to attract this type of customer, and there are quite a few.

A case study conducted by an independent research and development company compared the ability to chill and maintain the coldness of the liquid in the aluminum bottle. The company compared Danzka's® one liter aluminum bottle to a one liter glass bottle of vodka over the course of six hours. The results concluded that Danzka cooled 25°, 50 minutes faster than the glass bottle. It also took Danzka 50 minutes longer to raise it 25° ("The Absolut Spirits," 2004). Aluminum shows to have advantages over PET and glass, proving it would be a more convenient package for the on-the-go consumer.

Technology Here for Aluminum Bottle

Many major beverage companies are testing the aluminum bottle. The abundance of the companies investigating the bottle's potential should be enough to show those who have little interest to further pursue the development of the package. If major companies are testing the aluminum bottle as a potential package for some of their product lines, it could potentially start a major packaging revolution for all beverage lines. The companies could base their potential profitability after the success of other companies currently using the aluminum bottle for their product lines. Companies are testing the aluminum bottle worldwide, and the success companies are seeing currently in the United States and in other markets overseas in Japan and Europe, prove the innovation needed to succeed in the future. These innovative companies are leading the way for the rest of the beverage industry to the future of bottling.

In addition to the companies that currently manufacture the aluminum bottle, there are many other companies looking to implement it into of their beverage lines. Heineken® beer has already introduced their product in aluminum bottles and indicated they have seen increased sales as a result. They also expect the idea to spread to other beverage companies. Heineken believes offering the new green and silver aluminum bottle will put them on the cutting edge of this technology ("Alu pack for," 2002). Of course, they hope to gain a greater hold in the beer market by giving their brand a new and fresh look. Most of the companies discussed thus far have been trying to increase sales or create a new look. The beverage industry faces much competition with an assortment of options.



Figure 1. A Japanese Coca-Cola bottle made from aluminum.

(Luk, 2002).

Coca-Cola is seeking to bottle some of their products in aluminum bottles, including their Powerade® brand and soft drinks. In the United States, they have already put Raize®, an energy drink, into an aluminum bottle (“Alu bottles for,” 2003). In Japan, Coca-Cola has already launched their soft drinks in aluminum bottles into the market. If they introduced the aluminum bottle to their product lines in the United States, their top competitors will soon follow. The outlook for the aluminum bottle to penetrate further into United States markets is very promising.

Aluminum Bottle is 100 Percent Recyclable

The United States is a bit behind in designing and implementing environmentally safe product packaging. However, with increasing populations, the time has come to find alternative materials. Landfills are overfilled with garbage, which doesn't leave any space for new waste. Other countries in the world, such as Japan and European countries, are leading the way because there is much less room for waste in these countries. Companies have much to gain in changing their manufacturing lines to develop more earth-friendly packaging.

Hanson (2003) looks at this issue on a global level. Japan has enacted a new recycling law that could severely sway companies to implement the aluminum bottle. The law states that any manufacturing company exporting to Japan will have to pay recycling costs on any package made out of glass and plastic. This is most likely the reason why Coca-Cola sells their soft drink in aluminum bottle instead of PET.

Challenges for the Future

The aluminum bottle has two challenges for the future. First, in order for continual production, companies must see increasing sales over time to prove consumer demand. Second, they need to determine strategies in order to create a successful introduction on to store shelves. Companies have to implement the technology and put the aluminum bottle on the shelf in order to spur the success for the aluminum bottle trend.

Conclusion

The aluminum bottle is gaining popularity around the world. Using the bottle has many advantages in the United States beverage industry. It increases sales; appeals to the newer and loyal customers; and has a

100 percent recycling ability. This package will revolutionize beverage packaging. The aluminum bottle has already been implemented into many beverage lines around the world; for many companies have seen its success. Consumers are also willing to pay extra for a unique and functional package. This concept is relatively new to the beverage industry and the average total cost will go down as the consumer market expands. Even though questions linger about the long-term success of aluminum bottles, the successes of companies who are currently using the aluminum bottle prove that this is will be a popular trend in packaging.

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