

2018 Packaging Matters

In the midst of change in retail and consumer preferences, packaging matters more than ever.



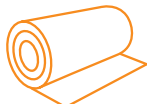
About Packaging Matters

At WestRock, we know that packaging matters—to brands, retailers and consumers. For six years, through our Packaging Matters research, we have studied consumer satisfaction with packaging across categories and countries, through form and function. We've sought the perspective of approximately 7,000 consumers, as well as packaging professionals and third-party research experts around the world. We've highlighted packaging trends relative to consumers' perceptions of key attributes like safety and trust, and the growth of e-commerce, and we use this data to help our customers understand and adapt to the changing marketplace.

Methodology

WestRock commissioned Reputation Leaders, an independent research firm, to survey 1,993 adults in the United States aged 18 and over on their perceptions and views of packaging and packaging-related matters. The survey was conducted May 3-8, 2018. Interviews were conducted online with a representative sample mix. The margin of error is +/- 2.2% at the 95 percent level.

For more information, contact packagingmatters@westrock.com.



The Evolution of Packaging

As the retail environment evolves and consumer demands change, our data reveals packaging matters even more.

The relationship between brands, retailers and consumers has evolved significantly since WestRock began tracking consumer satisfaction with packaging in 2013.

Think about how your own purchasing behavior has changed over the past six years. Have you cooked dinner using a meal delivery kit? Or sampled products from a subscription box service? Have you redeemed an email promotion to save on an in-store purchase? This new reality of what and how we buy things has major implications for retailers and brands.

E-commerce has changed the retail environment. Fifty-one percent of Americans prefer to shop online, and those numbers are significantly higher for Millennials (67%).¹ But today's consumers are more complex than preferring online versus offline shopping, and they are driving retailers and brands to connect and engage with them in new ways.

In this changing retail environment, packaging is the one enduring element of the marketing mix that is guaranteed to reach every consumer.

Emerging from the 2018 Packaging Matters data are benefits that tie directly to evolving consumer shopping preferences, including elements of functionality, trust and the impact of packaging satisfaction on purchasing behavior.



**Overall satisfaction
with packaging
has increased 46%
since 2013**

**Overall impact
of packaging on
repeat purchases
has increased 71%
since 2013**

Functionality

From in-store purchases to at-home deliveries, consumers value the functional benefits of packaging that keep products safe, secure and easy to use.

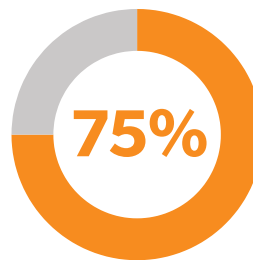
Even as brands and retailers continue to innovate packaging through technology and integrated solutions, delivering on the basics of packaging still matters most. Functional benefits – like safety, delivery and convenience – are top drivers of packaging satisfaction.

E-commerce introduces another layer to how consumers perceive packaging. According to a June 2018 NPR/Marist poll, nearly seven in 10 Americans have purchased an item online.³ With online shoppers interacting with both primary and secondary packaging, it becomes even more critical to delivering a positive brand experience.

For consumers, the most important satisfaction factors tie to packaging's core purpose of protecting the product's integrity and allowing the consumer to use that product easily, features that have consistently rated as the most important since we began our research six years ago. Eighty-four percent of respondents said keeping the product fresh and/or effective was the top driver of satisfaction, and 77% said packaging that makes it easy to get all the product out was important, in line with results from our first survey conducted in 2013.

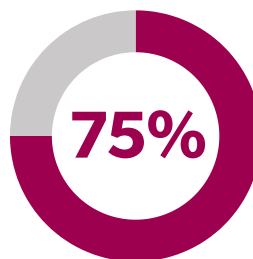
Within the evolving retail environment, which includes online shopping, the in-store experience and order fulfillment, consumers have more opportunities to interact with packaging. From the grocery aisle to the front porch, our 2018 Packaging Matters data revealed that consumers value packaging functionality most, with over 75% of respondents ranking safety, delivery and convenience as important to packaging satisfaction.

From in-store purchases to at-home deliveries, our research shows consumers value packaging's functional benefits that keep products safe, secure and easy to use.



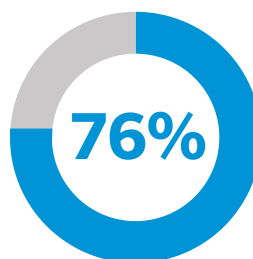
Safety:

75% of consumers say their purchase decision is impacted by packaging made from materials that prevent the product from leaking or breaking.



Delivery:

75% of consumers say delivery features, such as making sure packaging from delivery services is securely closed, are important to packaging satisfaction. This feature is even higher – 81% – for respondents who predominantly shop online.



Convenience:

76% of consumers want packaging that is easy to open, and 76% of consumers say features like resealability are important to packaging satisfaction.

Functionality

Packaging with clear functional benefits ranked equally important for shoppers making purchases either online or in-store.

Seventy-five percent of respondents agreed, when purchasing online or in-store, packaging made from materials that prevent the product from leaking or breaking impacts their purchase decision.

Packaging needs to do its job. It must protect the product, ship and deliver the product safely, and provide an easy and convenient experience for consumers.



Functionality isn't as cut and dried when it comes to men and women. Our 2018 Packaging Matters research shows that safety matters more to women, and innovation matters more to men.

- **80% of women value packaging that is easy to open versus 71% of men**
- **74% of women value packaging that keeps them and their family safe versus 68% of men**
- **35% of men value new or unique packaging versus 21% of women**



According to this year's research, when compared to other generations, Millennials place greater value on packaging that makes their lives as easy as possible and that is unique.

- **80% of Millennials value packaging that is easy to store at home versus 69% of non-Millennials**
- **76% of Millennials value packaging that makes products easy to find on the shelf versus 56% of non-Millennials**
- **53% of Millennials value a new or unique shape or appearance of the package versus 18% of non-Millennials**

Trust

Consumers are loyal to brands they trust. Delivering on key measures of efficacy, safety and protection can help build and maintain brand trust – even more than areas specific to “doing good.”

Over the last decade, consumers have placed a greater emphasis on trust, requiring brands to think about reputational issues in a more critical and proactive way. According to Salesforce Research’s “State of the Connected Customer” 2018 report, 95% of customers (both consumers and business buyers) say they are more likely to be loyal to a company they trust.⁴

As consumers are exposed to more information and brand competitors, packaging can play a more complete role in building and maintaining brand trust.

Our data shows that delivering on key measures of efficacy, safety and protection within packaging is important to a consumer’s view of a product or brand, and building trust.

According to our 2018 Packaging Matters research, across product categories, packaging for medicine and non-alcoholic beverages is trusted the most at 73%. Online food service delivery packaging ranked as the least-trusted packaging at 59%.

Packaging is key to building trust in a product.

Consumers value packaging as a driver in building trust...



Even more so than brands “doing good.”



Trust



When it comes to trust in packaging, Millennials continue to buck many other generational trends.

Our 2018 data revealed that Millennials have significantly less trust in packaging in most categories and are more likely to say brands can build trust by doing good, particularly when it comes to products manufactured in an ethical and responsible way. As the rising generation of new parents, new business leaders and new decision makers, their perspective as consumers is an important consideration for brand marketers.

The brand owners and retail leaders who are successfully navigating both the changing retail environment and empowered customer are embracing a dynamic, nimble approach. In that versatile playbook, elements that have a direct connection to reputation should always be front and center. As our 2018 research revealed, consumers trust brands that deliver effective, safe and protective packaging.

By investing in packaging, business leaders are directly contributing to a product element that builds trust, a vital brand attribute valued by consumers.



Our 2018 Packaging Matters research shows that women tend to be more trusting of packaging than men, particularly in these categories:

- **Medicine (76% vs. 70% males)**
- **Pet care (73% vs. 65% males)**
- **Baby care (71% vs. 61% males)**

Purchasing Behavior

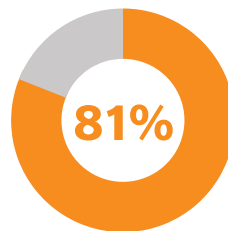
Aesthetics influence consumers' decisions to try something new, buy something again or switch brands.

Today's shopper wants a personalized brand experience, a preference that can have big implications for loyalty and sales. A recent study revealed 44% of respondents would likely become repeat buyers after a personalized shopping experience, and 49% of consumers said they have purchased a product they weren't planning on buying after receiving a personalized recommendation.⁵

Packaging can respond to this desire for personalization in a powerful way – through innovative design tailored to shoppers' unique preferences and technology integration that enables shoppers to interact directly with a brand. This use of innovation is important to consumers today – since 2013, the number of consumers who purchased a product because of the innovative nature of the packaging increased by 45%.

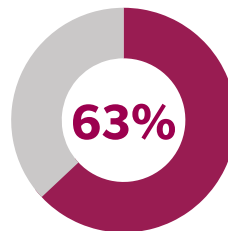
While our 2018 Packaging Matters data reveals that functionality and trust in packaging impact consumer satisfaction, consumers also respond to packaging aesthetics when making purchasing decisions. Seventy-two percent of respondents purchased a product because the packaging was appealing. And aesthetics contribute to consumers' decisions to try something new, buy something again or switch brands.

According to our 2018 Packaging Matters study, aesthetics are the primary driver impacting consumers' decisions to try something new, buy something again or switch brands.



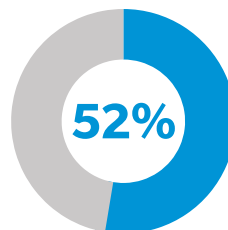
Trial

81% of consumers have tried something new because the packaging caught their eye



Repeat

63% have purchased a product again because of the appearance or aesthetics of the packaging



Switch

52% changed brands because of new packaging

Purchasing Behavior



With the packaging solutions available to retailers and brands today, aesthetics and appearance go beyond graphics, design and branding.

Retailers and brands are leveraging more holistic packaging innovations that drive personalization and engagement with consumers, including retail-ready packaging, in-store displays designed specifically to a region or geography and interactive packaging.

As brand marketers and retailers weigh where to invest money and time, our data reveals that the appearance of packaging matters alongside form and function and can influence a consumer's willingness to try a product and switch brands, ultimately helping those brands grow their business.

Packaging Matters: How Macro Changes Have Impacted Packaging Over Time

As the retail environment evolves and consumer demands change, our data reveals packaging matters even more.

While plenty has changed in how consumers shop since we began our research in 2013, our research shows that Packaging Matters even more today than ever.

As we look back over our series of data, we have seen significant macro changes impact business and consumers – providing more opportunities for packaging to help enhance the relationship between brands and packaging.

- Online shopping has changed how consumers interact with, and raised the bar for, packaging
- Traditional retailers have had to adjust their in-store strategy, adding new challenges to what packaging needs to deliver
- Brands are integrating technology into their packaging solutions, increasing engagement opportunities with consumers

In the midst of these changes, packaging is the only element of the marketing mix that connects with every consumer, independent of how they buy or interact with products and brands.

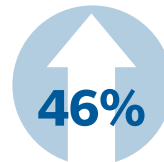
As shopping preferences change, as retailers evolve, and as technology plays a larger role in our lives, fundamental measures of packaging satisfaction and behavior change have endured.

- Packaging **functionality**, and keeping the product safe and secure, remain the most important measures of consumer satisfaction
- Packaging still is an effective driver of **brand trial** and **repeat**
- Packaging is a critical element in **brand switching**

Packaging is not only an essential way to protect a brand and product; it is also an extension of the brand itself. WestRock helps brands bridge these two concurrent realities in productive and efficient ways.

Today, more than ever, packaging matters.

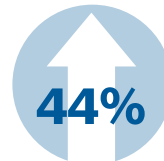
In the midst of significant change since 2013, our research shows that packaging matters today more than ever.



Between 2013-2018, overall satisfaction with packaging has increased 46%



Between 2013-2018, packaging aesthetics as a driver of overall satisfaction has increased 125%



Between 2013-2018, the number of consumers who have changed brands due to packaging has increased by 44%

Sources

¹ <https://www.bigcommerce.com/blog/ecommerce-trends/>

² <https://www.adweek.com/digital/mobile-shopping-is-on-the-rise-but-remains-split-between-the-mobile-web-and-apps/>

³ <https://www.npr.org/about-npr/617470695/npr-marist-poll-amazon-is-a-colossus-in-a-nation-of-shoppers>

⁴ <https://www.salesforce.com/blog/2018/06/digital-customers-research.html>

⁵ <https://martechseries.com/mts-insights/staff-writers/segment-survey-finds-consumers-willing-spend-personalized-shopping-experience/>

About WestRock

WestRock (NYSE:WRK) partners with our customers to provide differentiated paper and packaging solutions that help them win in the marketplace. WestRock's 45,000 team members support customers around the world from more than 300 operating and business locations spanning North America, South America, Europe, Asia and Australia.

Learn more at www.westrock.com

