PACKAGING

noun | pack·ag·ing

1. All aspects of the container that a product comes in, including materials, shape, graphics and additional features, including openings, closures, caps or dispensers. Primary packaging directly encloses a product. While usually not in direct contact with a product, secondary packaging protects a product or keeps a group of pre-packaged products together.

2. Our data show packaging matters for brands as a simple way to communicate in an increasingly complex and challenging marketing environment and a clear way to increase trust among consumers.
A LETTER FROM THE CEO

At WestRock, we make packaging because we believe it matters to our customers and the consumers they’re trying to reach. And because we believe in the power of packaging to connect brands and consumers, we study it in depth — in our labs, in our design studios, at our mills and plants, and through primary research with consumers.

This is the fourth year of our Packaging Matters™ study, which focuses on the impact of packaging on product satisfaction and consumer purchasing behavior. Over the years, we’ve focused the study on various international markets, key trends like safety and online shopping, and the importance of functionality. This year, we added a layer—inviting packaging designers, engineers, buyers and brand managers to share their insights on why packaging matters to them and where they think the industry should go next.

The purpose of this special report is to provide an overview of our Packaging Matters™ data, deeper analysis on some of the key findings and a simple answer to a persistent lack of consumer satisfaction. In this report, we offer up a road map for brands to use packaging to reinforce safety and sustainability and further strengthen their connection to consumers at the shelf, at home and on the go.

What we found was a fairly big gap between how we packaging professionals think we’re doing and how consumers think we’re doing. Pair that with the gap in trust between consumers and brands, big shifts in safety, sustainability and retail, and we find ourselves trying to navigate a complex marketplace.

As a part of our commitment to customers, I’m pleased to share this special report to show you how packaging can be a simple solution to some of your biggest challenges, and, together, how we can advance the role of paper and packaging in today’s dynamic global marketplace.

Steve Voorhees
CEO, WestRock Company

"...we make packaging because we believe it matters to our customers and the consumers they’re trying to reach."
A SIMPLE SOLUTION

A powerful theme has emerged from this year’s study: packaging can be a simple answer to brands’ complex challenges, including safety, sustainability and retail experience.

More than a container, packaging has become a key element of the marketing mix, communicating a brand’s identity, values and promise to consumers at the point of sale and delivering throughout the product experience.

Data show that in the cases of safety and sustainability, investing in packaging was the most impactful action a brand could take to improve consumer trust. When it comes to shopping experience, the study suggests packaging could play a significant role in helping brands and consumers stay connected amid a shifting retail landscape.

There are three areas where the Packaging Matters™ survey found opportunities for brands to improve satisfaction among consumers.
SAFETY

Building trust by providing security through packaging

As we’ve learned from Packaging Matters™ through the years, consumers are increasingly concerned about product safety. From child resistance to food safety, consumers are demanding transparency from brands. Food, beverage and consumer product companies face not only headline and reputation risks, but also pressure from retailers, emerging legal and regulatory issues, and costly changes to their products and manufacturing processes. The challenge is exacerbated by the emotional nature of food and product safety, the faster pace and extended reach of the conversation and the tenacity of the activists behind many of the consumer campaigns.

This is a broad and complex issue—crossing policy, science and economics. But when asked for the most impactful action a brand could take to build trust in their products, consumers said: the packaging.

- More than three-quarters of consumers said it would be extremely or very impactful to their trust in a brand to “package products in ways that protect them from tampering and contamination.”

Packaging safety impacts consumer behavior

More than 80% of U.S. consumers say safe packaging makes them:

- More favorable toward a manufacturer or brand (88%)
- Trust the brand more (88%)
- More likely to purchase products from the manufacturer or brand (87%)
- More likely to recommend products from the manufacturer or brand to friends and family (82%)

A material issue

And this trend is intensifying. Consumers are paying attention not only to the ingredients in the foods they eat and the beauty products that touch their skin, but also in the packaging materials they are wrapped in.

When it comes to earning consumer trust, respondents ranked packaging higher even than some major operational activities.

Percentage of consumers who said this activity would be impactful to their trust in the brand’s products.

- 70% Designs products with my safety in mind
- 71% Packages products using materials that keep me and my family safe
- 71% Communicates honestly about products’ ingredients and dangers on labels
- 74% Uses high quality materials and ingredients in products
- 77% Packages products in ways that protect them from tampering and contamination
83% of consumers said ensuring product packaging does not contain harmful materials or substances is extremely/very important.

One quarter of consumers said brands are not doing enough to ensure product packaging does not contain harmful materials or substances.

More than three-quarters of consumers consider packaging safety to be extremely/very important to their product satisfaction. 63% specify “designed to keep my family safe” as a key influencer of their product satisfaction.

92% of consumers believe packaging safety is headed in the right direction.

In January 2016 the U.S. Food and Drug Administration announced a federal ban on the use of three types of perfluoroalkyl ethyl, a variation of which had been found to be linked to birth defects. This announcement came in response to a petition filed by several environmental and consumer advocacy organizations, including the Natural Resources Defense Council and the Center for Food Safety. This chemical had been a core component of pizza boxes, helping them maintain resistance to oil and grease and heat. Long before this announcement from the FDA, the paper and packaging industry proactively took this chemical out of production.

“Ease of opening is important, yet with safety barriers in place to prevent modification after manufacturing.”

Female, 33 years old
Oregon
SUSTAINABILITY

Using the right packaging matters for sustainability

Sustainability is essential. 98% of consumers we surveyed indicated it is extremely or very important to their view of a brand. And ever since major retailers began requiring changes in packaging formats to meet sustainability scorecard targets, packaging has been the area most impacted by this shift.

Today’s consumer wants more sustainable materials, responsible sourcing, and free shipping—all overnight. So what’s the compromise for consumer products companies seeking to serve increasingly demanding customers while still building brands and protecting the environment? Our data suggests packaging can be a simple solution—for consumers, communities and the environment.

Part of the reason why it’s simple is because companies are already doing all of these things—using recyclable materials, minimizing greenhouse gas emissions, partnering with community groups and NGOs. But there is a disconnect: you’re making all of these investments and then missing your opportunity to demonstrate your commitment to consumers at the most immediate point of interaction—through the packaging.

A broad and complex issue with a simple solution

When asked for the most impactful action a brand could take to demonstrate its commitment to sustainability, consumers said: the packaging.

- Two-thirds of consumers said packaging products in an environmentally friendly way is the most important action a brand could take to demonstrate its commitment to sustainability.
- Even more, consumers ranked packaging higher than sustainable sourcing practices, partnerships with NGOs and activism. While these activities are all important to consumers, the packaging is a very direct, tangible way to show commitment to sustainability.

When it comes to demonstrating commitment to sustainability, consumers ranked packaging higher than some major operational activities.

Percentage of consumers who said this activity would be important to demonstrate commitment to sustainability.

- Communicate a commitment to sustainability on the brand website: 43%
- Speak out about sustainability issues related to the industry: 44%
- Partner with and support organizations to promote sustainability and/or better the environment: 52%
- Source, manufacture and transport products using renewable energy: 54%
- Package products in a sustainable and environmentally friendly way: 65%
A careful balance

The practice of using fewer materials emerges as a key way for brands to demonstrate sustainability. But there’s a limit—consumers are clear that sustainability is essential, but never at the cost of functionality. In fact, 78% of consumers believe it is most important for brands to focus on innovations that make it easier for them to use the product.

- More is less: 77% of consumers say it’s extremely/very important that packaging keep products fresh/effective. Sometimes more packaging is better to maintain function and preserve the product or food inside. In the United States alone, more than 40% of edible food goes uneaten, costing more than $1.65 billion a year (NRDC). According to environmental group GreenBlue, “from a sustainable materials perspective, packaging can play a key role in food waste avoidance.”

- Strength is important: 82% of consumers say it’s extremely/very important that packaging prevent spilling/breaking. Particularly as we ship more consumer goods from online retailers to our homes, the last thing we want is for our entire box of groceries and household cleaners to break and spill on our front porch.

Here’s the bottom line: consumers value brands that balance sustainability and function. Brands should not use less packaging, but just the right amount of packaging—for the product, for the supply chain and for the retail environment.

Consumers are focused not only on how much material brands use in their packaging but what kind. More than 50 percent of consumers say it’s extremely/very important for brands to use renewable, recycled, biodegradable and recyclable materials in the manufacturing of the package.

Consumers value brands that balance sustainability and function. Brands should not use less packaging, but just the right amount of packaging.

The good thing is all of these materials exist—no need to go back to the innovation lab to find biodegradable paperboard or recyclable plastic. Consumers are most interested in brands that choose the right material for the right application and the right brand statement to balance sustainability and functionality.

“...from a sustainable materials perspective, packaging can play a key role in food waste and avoidance.”

GreenBlue

Packaging made from virgin materials has an important role to play, as well. After an extensive analysis of the overall sustainability merits of each, a major craft brewer switched from coated recycled board to virgin board. The brewer’s chief consideration was supporting local tree farmers who sustainably harvest the fiber for their board.
RETAIL EXPERIENCE

For CPGs, few aspects of business are more challenging, complex and fast-changing than retail today. The online retail environment has opened up a new world of possibilities, and online shopping is having a significant impact on the way CPGs interact with consumers. Technology is changing every day, increasing consumer expectations of instant gratification at the touch of a button and the ring of a doorbell.

"When buying things such as shampoos and body washes, packaging really catches my eye and I sometimes base my purchases off of that."

Male, 48 years old
Mississippi

Struggling the connection between brands and consumers through packaging

Packaging in the store

At the same time brick and mortar shows no signs of going away. In fact, leading retailers are driving major changes in product formulation, packaging formats, and even social issues. Even major online retailers are establishing their presence in real estate retail. Because brands know what our data shows to be true. That packaging has a major impact on consumer purchasing behavior, including product trial, repeat and brand switching.

- 66% of consumers tried something new because the packaging caught their eye
- 60% of consumers purchased a product again because of packaging functionality
- 35% of consumers changed brands because of new packaging

As the key point of communication between brands and consumers about what a product is, what it contains and how to use/eat/drink it, our data show packaging can be a simple way for brands and consumers to stay connected amid this rapidly evolving landscape.

Packaging has an impact on trial, purchase and repeat

Percentage of consumers who have:

- 59% Purchased a product because the packaging made it safer
- 59% Compared packaging between products to make a purchase decision
- 60% Purchased a product again because of the packaging’s functionality
- 66% Tried something new because the package caught your eye
- 70% Used the packaging to learn more information about the brand
Packaging and online shopping

When it comes to packaging, consumers think more about the in-store retail experience (78%) than online shopping (22%). They claim it’s more important for packaging to be made from materials that prevent leaking and breaking for in-store purchases rather than online (78% vs. 69%).

Packaging professionals recognize the impact of online shopping on their brand’s retail strategy.

- 79% of packaging professionals agree that their strategies need to be different for online shopping versus in-store but a majority (52%) say their strategies are the same and only 61% are likely to have an online-focused packaging strategy in the future.
- When they do think about their strategy for online retail, packaging professionals are focused on:
  - Vivid appearance of graphics online
  - Durable materials for safe shipping

But the role of packaging in this evolving retail environment is only becoming more and more important. From drones to lockers to in-store pickup to same-day delivery, packaging is going to have to be stronger and more flexible to stand up to the challenges of this dynamic environment.

While the growth rate of online shopping has been staggering (Kantar predicts 28% between now and 2020), the overall percentage of retail sales that happen online is still relatively small —12.6%. As a major player not only in packaging, but also in the in-store merchandising displays business, our bet is on continued growth in online sales and a changing in-store environment. Our data show packaging matters across both platforms to drive consumer purchasing behavior. So our innovation team is focused on the convergence of mobile and in-store retail, cross category promotion and increasing customization from divergent demographics.
PACKAGING MATTERS™ STUDY METHODOLOGY

Who: 2,000 consumers and 200 packaging professionals, individuals who work at CPG companies and have influence over packaging decisions.

How: Online surveys that averaged 20 minutes each.

When: Fielded from October 29 to November 12, 2015.

Where: Conducted within the United States.
CONCLUSION

Historically, packaging has played a simple, yet crucial role in the supply chain: protection of the product through transport. And a simple, yet crucial role at retail: identification of the product on the shelf. But like the retail world overall, that is changing.

From increasing expectations of product safety and sustainability to demands for immediate gratification through online delivery, the global FMCG marketplace is experiencing an incredible amount of change.

Global supply chains and evolving retail channels have transformed how brands and consumers communicate, what we expect from each other and where we interact. More than ever, today’s global retail landscape demands that brands pay more attention to how they promise their products’ safety, authenticity and connection.

Brands are responding in a number of ways. They’re investing in social responsibility programming, partnering with NGOs and community groups and launching new advertising campaigns. They are redesigning logos to look more vintage and positioning products with words like craft, artisan and local.

But a lot of consumer products makers are missing the simplest and most direct way to show consumers they’re committed to safety and authenticity: the packaging. Packaging matters. And as food, beverage and CPG companies look to navigate this complex landscape, our data show packaging is a simple way to stay connected to consumers.
WestRock (NYSE: WRK) is a global packaging company focused on customers, innovation and operational excellence. WestRock aspires to be the premier partner and unrivaled provider of paper and packaging solutions in global consumer and corrugated markets. The company’s 41,000 team members support customers around the world with more than 250 operating and business locations in 30 countries spanning North America, South America, Europe and Asia-Pacific.