

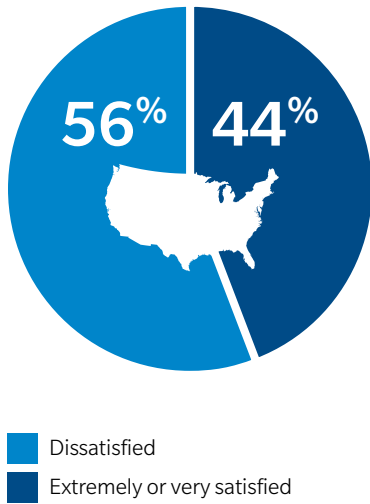


Fresh Thinking:

How to protect your fresh bakery business and meet consumer expectations with new packaging alternatives

Oil and grease stains on fresh bakery packaging are prevalent, conspicuous to consumers and damaging to business. To help fresh bakery brands better understand the risk associated with oil and grease stains on packaging, WestRock is bringing you new consumer insights as well as a cost-effective packaging alternative that provides the right amount of barrier protection with less environmental impact.

Consumer satisfaction with takeout packaging

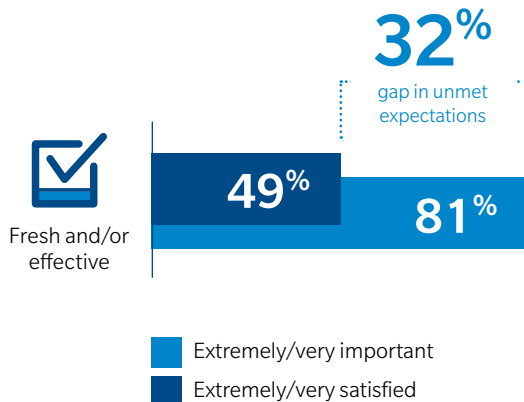


Poor takeout packaging: A barrier to repeat business

When it comes to influencing consumer behavior, products and their packaging have never been more interdependent than they are today. 30% of U.S. consumers say packaging is equally as important as the product in influencing their perceptions of the brand itself.

The impact of packaging only increases when you look at the takeout category—which includes fresh bakery items such as cookies, donuts, cakes, muffins, fruit pies and brownies. Only 44% of U.S. consumers claim to be extremely or very satisfied with current takeout packaging options, leaving 56% in the market for an improved takeout experience.

Importance of packaging attributes to takeout consumers



So what is that experience? An overwhelming 81% want packaging that “keeps the product fresh and/or effective.” Unfortunately, only 49% of these consumers say they are extremely or very satisfied with current options, leaving a 32% gap in unmet expectations.

When takeout packaging allows oil and grease to stain clothes or car interiors, the repercussions can be damaging. 18% of takeout consumers say they will not shop again at places where this happens.

Oil and grease resistance wins consumers



There is good news, however. Consumers are ready to commit their dollars to brands that go the distance to keep their takeout food looking fresh with more effective packaging solutions. In fact, 70% said they would preferentially purchase a brand if they knew the takeout packaging was oil/grease resistant.

Poor fresh bakery packaging: Stops the sale in its tracks

For consumers seeking signs of freshness in pre-packaged bakery products in retail grocery stores, visible oil and grease stains can prevent a purchase from ever taking place. 35% of grocery shoppers report they frequently (15%) or very frequently (20%) notice oil and grease stains on fresh bakery packaging.

In a market where competition is fierce and margins are tight, these kinds of negative impressions have far-reaching consequences. 33% of retail shoppers say that oil and grease stains on the fresh bakery package are either a major annoyance (20%) or a deal breaker (13%). And not just a one-time deal breaker—the perception that a bakery item is greasy, oily or simply not fresh also affects the probability of future purchases. Having 13% of your customer base walk away from your product because of its packaging can have a devastating impact on your retail business—and your brand.

13% of fresh bakery shoppers say oil and grease stains on the package are a deal breaker

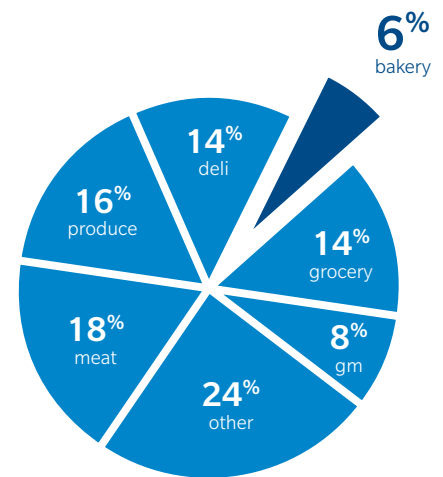


Stains seep into shrink

Oil and grease stains on packaging also contribute to retail shrink. Shrink impacts every business, regardless of category. But perishable foods in particular have a limited shelf life, compounding the risk of shrink. Looking at supermarkets alone, shrink accounts for 2.70% of all retail sales, with 4% of that figure attributed to damaged and unsalable goods. And 6% of total shrink comes directly from the bakery department, an annual loss of \$30,379 per store on average.

When consumers notice oil and grease stains on fresh bakery packaging and opt not to purchase the item, it increases the likelihood that the item will have to be marked down or discarded after its window of “freshness” has expired.

On the other hand, if a retailer tries to avoid shrink by reducing stock of the item or eliminating it altogether, it can also lead to a loss in sales. Just as oily and greasy packaging negatively impacts the consumer experience from one end, limited options or unavailable stock negatively impact profitability from the other end.



6% of total shrink comes directly from the bakery department, an annual loss of \$30,379 per store on average

With EnShield™ kit 5, the benefits are baked right in

Current paperboard offerings leave room for improvement.

Standard Solid Bleached Sulfate (SBS) does not provide the barrier protection needed to preserve the integrity of the food and protect against oil and grease. Alternatively, SBS with poly coating offers the highest level of barrier protection, which is far more than many products require.

EnShield kit 5 is a breakthrough paperboard packaging solution that provides just the right amount of oil and grease barrier resistance across a wide range of fresh bakery foods—outperforming standard SBS packaging and delivering equivalent grease holdout as to poly-coated SBS.

Consumer research for the takeout market revealed an overwhelmingly positive reaction to EnShield kit 5 concept packaging features, with more than 89% of takeout consumers reacting favorably to a barrier that prevents grease or oil from seeping through the package. This creates an opportunity for fresh bakery products in particular, where customers are sensitive to oil and grease staining.


Strong positive reactions

 **89%**


89% of takeout consumers react favorably to a barrier that prevents grease or oil from seeping through the package

10 Dozen Donuts for 10 Days

In a study we conducted, 100 boxes of a dozen donuts from a major brand (representative of the yeast donut category) were tested over 10 days. After resting on industry bakery racks for 30 minutes post-frying, half of the donuts were packaged in EnShield kit 5 and the other half in standard SBS and observed for over an hour.

 = 0%
DAYS

0% of the 50 total EnShield kit 5 boxes showed any visible oil/grease stains

 = 100
DAYS

100% of the 50 total SBS boxes showed an average of 6.9 square inches of visible oil/grease stains, per box of dozen donuts

Disclaimer: Staining changes over time may vary based on donut type, oil type or oil mix type.

EnShield kit 5

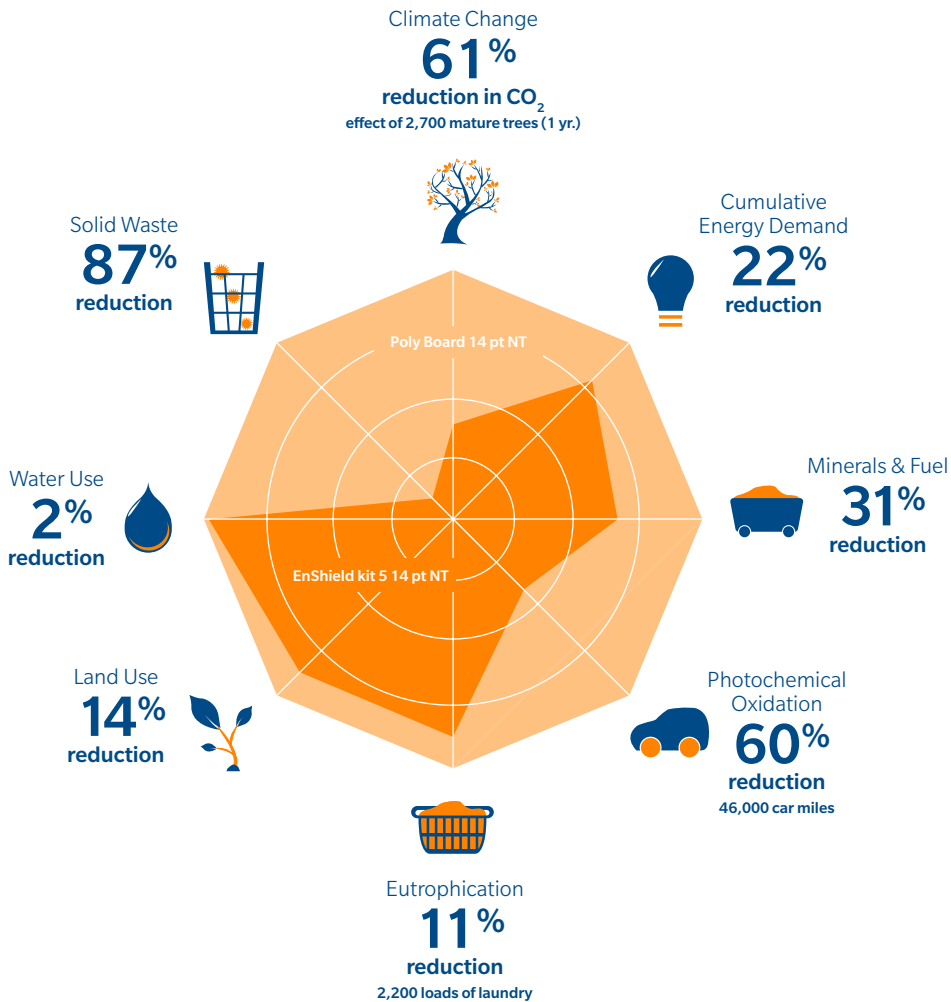
Printkote® qualities plus:

Grease resistance	OGR kit 5+
Sustainability	Fully repulpable, technically recyclable, improving packaging end-of-life options
Uses	Ideal for foodservice and bakery applications where poly-coated board is over-engineered or requires higher OGR than standard SBS. Not for applications with free liquid.

A more environmentally friendly alternative

EnShield kit 5 is an attractive alternative to poly-coated SBS for brands seeking less environmental impact and more end-of-life options in their packaging. For today's socially conscious consumer, greater environmental responsibility contributes to greater satisfaction.

The graph below demonstrates the difference in the life cycle of a converted EnShield package versus one made with poly-coated board.



Ready to protect your fresh bakery business from the damaging effects of oil and grease with a cost-effective, forward-thinking alternative? Contact your converter or packaging provider today to learn more about EnShield kit 5.

WestRock Company (NYSE: WRK) aspires to be the premier partner and unrivaled provider of paper and packaging solutions in consumer and corrugated markets. WestRock's 42,000 team members support customers around the world from approximately 275 operating and business locations spanning North America, South America, Europe and Asia. [Learn more at westrock.com](http://westrock.com).

Source Material: MWW, Packaging Matters, 2014; MWW, Packaging Matters, U.S. and Global Findings, 2013; MWW, EnShield Challenge Overview, 2015; MWW, Bakery Donut Study: 10 Dozen for 10 Days, 2015; Where's My Shrink?, National Supermarket Shrink Survey, 2012



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