Packaging & The Environment: The Shopper’s Perspective
- Insights from Consumer Research -

Presented By:

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The Environment in the News
The Wal-Mart Sustainable Packaging Initiative
“Environmental concerns don’t drive purchase intent.

At the end of the day, it’s the consumer’s decision, and they are not doing anything about it.”

- Bart Becht
  Chief Executive,
  Reckitt Benckiser, plc.
Today’s Presentation

- Share Findings From an Initial Research Study
  - Conducted by PRS in Late 2007

- Share What We’ve Seen & Learned Since Then
  - Deeper Learning from Several Subsequent Studies

- Discuss Implications for the Development & Testing of Sustainable Packaging Systems
  - Key Issues to Consider
  - “What Works?”
How Much Do Shoppers Know About the Environmental Impact of Packaging?

- Do They Know Which Packaging Systems are Better For the Environment?
- Which Terminology is Relevant to Them?

How Important are Environmental Packaging Considerations to Shoppers?

- Do Environmental Considerations Impact Their Preferences & Purchase Decisions?
- Are They Willing to Pay More for More Environmentally Friendly Packaging?

Do They Know? – and Do They Care?
Packaging & The Environment: Study Overview

- **500 Interviews with Primary Grocery Shoppers**
  - Each Person Reacted to Packaging from Two (2) Categories That He/She Normally Shops

- **Ten (10) Different Product Categories**
  - There Were 2-3 Packaging Systems *Alternative Structures* in Each Product Category
  - Shoppers Saw & Reacted to Blind/Unbranded Packages, Which They Could Hold/Touch

- **In-Person Interviews**
  - Conducted at 16 Central Location Facilities Across the U.S.
  - Conducted in September 2007
Part #1

Shoppers’ Awareness of & Perceptions of Packaging & the Environment
What is Sustainable Packaging?

- I am not familiar with the term 53%
- I have heard the term, but I am not clear as to its meaning 36%
- I have heard the term and I know what it means 11%

“Sustainable” is an Industry Term: Not a Shopper Term
What Does “Sustainable Packaging” Mean?

“It comes from a source that’s prevalent and doesn’t harm the environment.”

“That it is made of materials that can be grown again.”

“These are products that are not biodegradable and stay with us forever.”

“Strength or security or protection. It protects the product well.”

“Sustainable package means it will be hold up to travel and multiple uses.”

“Is basically something that can hold up to the environment is reusable and recyclable.”
What Makes a Package Environmentally-Friendly?

- What is Most Important in Terms of Whether a Package is Good or Bad for the Environment?

(Percent Rating Each Item First)

- Whether or not it can be recycled 46%
- The material it is made from (paper, plastic, metal, etc.) 31%
- The amount of packaging material used (whether it has inner & outer packaging) 23%

To Shoppers, “Environmentally Friendly” Packaging is Packaging That Can Be Recycled
Part #2

Reactions to

Alternative Packaging Systems
Packaging & The Environment: Study Flow

- Each Person Sees and Reacts to Two (2) Packages from the Same Product Category
  - “White Packs” (*Unbranded, Without Labeling*)

- Overall Preference Between Packages
  - Reasons Why (*Unprompted & Prompted*)

- Ratings of Each Package on Environmental Impact
  - Reasons Why One is More “Environmentally Friendly” (*Unprompted*)
  - If One Package is Better For the Environment, Would You Pay 10 Cents More?
Overall Preference

Assume these packages contain the same product, from the same brand – at the same size/quantity and pricing.

If all of these factors are the same, which package would you choose to purchase?
Packaging Preference: Orange Juice

Preference: Carton (30%)  Plastic Bottle (70%)

Primary Reason: Ability to See the Product
Packaging Preference: Cereal

Box (40%)

Bag (60%)

Primary Reason: Ability to See the Product
Packaging Preference: Bandages

Box (23%)

Plastic Case (77%)

Primary Reason: Product Protection
<table>
<thead>
<tr>
<th>Factors</th>
<th>% Citing as One of Top 3 Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of Opening</td>
<td>41%</td>
</tr>
<tr>
<td>Whether the Package is Re-Sealable</td>
<td>39%</td>
</tr>
<tr>
<td>Feeling It Gives About Product Quality</td>
<td>38%</td>
</tr>
<tr>
<td>How Well It Protects the Product</td>
<td>37%</td>
</tr>
<tr>
<td>Ease of Holding</td>
<td>37%</td>
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<tr>
<td>Ease of Dispensing</td>
<td>35%</td>
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<tr>
<td>Ease of Storing in the Home</td>
<td>28%</td>
</tr>
<tr>
<td>Environmentally Friendly</td>
<td>26%</td>
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<tr>
<td>Ease of Taking the Package with You</td>
<td>21%</td>
</tr>
</tbody>
</table>
In Which Categories are Environmental Factors Most Important?

- 34% Cited Environmental Impact as a “Top 3” Concern
- 38% Cited Environmental Impact as a “Top 3” Concern
Environmental Impact Ratings

Please rate these packages on a 1-10 scale, in terms of their impact on the environment.

- A “10” suggests that a package is very “environmentally friendly”

- A “1” suggests that the package is extremely bad for the environment.
Orange Juice

Preference: Carton (30%)

Environmental Rating: 6.67

Plastic Bottle (70%)

Environmental Rating: 6.71
Cereal

Box (40%)
“E” Rating: 6.97

Bag (60%)
“E” Rating: 5.97
Why is One Package More Environmentally Friendly?  
- Cereal -

Because I think the bag could possibly be recycled where the box I would just rip up and toss into the garbage.

No killing of trees to make the cardboard.

Because cardboard is bio-degradable it would be more likely to compost or be recyclable.

Cardboard is more likely to be made out of materials that have been recycled.

It can be more compacted. Only one part to it, just a bag not a box and a bag.

Because I think the bag can be recycled. The box would probably just sit around for many years until it disintegrated.
Insect Repellant

Aerosol (54%)
“E” Rating: 4.98

Pump (46%)
“E” Rating: 7.22
Why is One Package More Environmentally Friendly?
- Insect Repellant -

“Aerosol is bad for the environment. Kills the ozone layer.”

“The pump can be recycled. The pump is sturdier.”

“Because it’s a safer container it has less waste and can be recycled.”

“Aerosol lets off CFC’s into the ozone which is bad. The pump you can recycle.”

“Because pump does not have the substance that destroys ozone layer.”

“Because it’s a plastic pump and you can recycle and its good for the environment.”

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“Aerosol lets off CFC’s into the ozone which is bad. The pump you can recycle.”

“Because pump does not have the substance that destroys ozone layer.”

“Because it’s a plastic pump and you can recycle and its good for the environment.”
Bandages

Box (23%)

Plastic Case (77%)
“E” Rating: 7.04
Why is One Package More Environmentally Friendly?
- Bandages -

“Less trash because the case snaps shut so nothing will fall out. Also you can re-use the case. With the box you would just throw it away.”

“The case can be re-used and the box can be damaged. You can recycle the case.”

“Because the casing looks most safe to handle and its plastic and good for environment.”

“Plastic is recyclable.”
Soda

Glass (30%)
“E” Rating: 6.84

Plastic (41%)
“E” Rating: 7.03

Metal (28%)
“E” Rating: 7.04
Who Should Pay for More Environmentally Friendly Packaging?
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2/3rds of shoppers feel that shoppers should be willing to pay 5-10 cents extra for packaging that is more environmentally friendly…
Who Should Pay for More Environmentally-Friendly Packaging?

…but even more shoppers (82%) feel that manufacturers have a responsibility to avoid passing along costs.
Q. Would you be willing to pay an additional ten cents ($0.10) for this package, that you perceive to more environmentally friendly?
Initial Study (10/07) - Thoughts & Implications

- We Have a Long Way to Go in Terms of...
  - Educating Shoppers About Environmentally Friendly Packaging
  - Conveying Environmental Benefits in a Compelling Manner (on Packs, etc.)

- Sustainable Packaging Initiatives Need to be Rooted in Shopper/User Benefits
  - More Environmentally Friendly Packaging Must Also Maintain Functionality – and Deliver Product Visibility & Protection

- The Potential May Exist to Command a Price Premium
  - But Only If Education & Benefit Communication Come First – and Sustainable Systems Do Not Sacrifice Functional Benefits
2008: A New Set of Questions

- How Well Do Shoppers Really Understand Recycling?
- How Do Shoppers’ Perceptions Differ Across the World?
- How Important/Impactful is Environmental Messaging?
- Are Findings the Same with Branded Packages?
- *What Works?*
Shoppers’ Use & Understanding of the Recycling Symbol
Over 90% of consumers perceive Plastic to be recyclable – and this is the material most frequently recycled in the home.

Q. Which materials do you typically recycle in your household?

Q. Which materials do you consider to be recyclable?
Which of These Plastic Packages are Recyclable?

76% Percent Said “All 5” – and 69% Said That All Plastic is Recyclable
The Recycling Symbol

- 68% of Shoppers Claimed to Be Familiar with the Plastic Recycling Symbol
- Only 19% Claimed to Refer to the Recycling Symbol While Shopping
- 48% Claimed to Have No Idea What the Different Numbers Mean
  - 26% Said that It referred to Different Forms of Plastic
  - 13% Said a Lower Number is Easier to Recycle – and 8% Said a Higher Number is Easier to Recycle
  - 4% Said the Number Refers to How Many Times a Package Can Be Recycled
What Do the Recycling Numbers Mean?

“It has something to do with the amount they pay you when you go to recycle it.”

“Some recycling centers only take #1 or #2”

“The higher the number, the more sturdy it is – and the less likely it is to be recycled.”

“The number is how many times it can be recycled”

“I’ve heard the higher the number, the more dangerous it is to your health.”

**Pete:** Polyethylene terephthalate ethylene, used for soft drink, juice, water, detergent, cleaner and peanut butter containers.

**HDPE:** High density polyethylene, used in opaque plastic milk and water jugs, bleach, detergent and shampoo bottles and some plastic bags.

**PVC or V:** Polyvinyl chloride, used for cling wrap, some plastic squeeze bottles, cooking oil and peanut butter jars, detergent and window cleaner bottles.

**LDPE:** Low density polyethylene, used in grocery store bags, most plastic wraps and some bottles.

**PP:** Polypropylene, used in most Rubbermaid, deli soup, syrup and yogurt containers, straws and other clouded plastic containers, including baby bottles.

**PS:** Polystyrene, used in Styrofoam food trays, egg cartons, disposable cups and bowls, carry-out containers and opaque plastic cutlery.

**Other:** Usually polycarbonate, used in most plastic baby bottles, 5-gallon water bottles, "sport" water bottles, metal food can liners, clear plastic "sippy" cups and some clear plastic cutlery. New bio-based plastics may also be labeled #7.
Shoppers’ Awareness & Perceptions of Packaging & the Environment
- U.S. & UK -
Understanding of the Term “Sustainable Packaging” (5/08)

I have heard the term, but not clear as to its meaning
I have heard the term, and know its meaning
I am not familiar with the term

59%
25%
16%

54%
31%
15%
Should Shoppers Pay More for Environmentally-Friendly Packaging?

Shoppers should be willing to pay 5-10 cents more for a package that is more environmentally friendly.

- **Agree Strongly (top box)**
  - USA: 67%
  - UK: 48%
- **Agree Strongly/Somewhat (top 2 box)**
  - USA: 38%
  - UK: 31%
- **Disagree Strongly/Somewhat (bottom 2 box)**
  - USA: 15%
  - UK: 11%
Should Manufacturers Absorb the Costs of Environmentally-Friendly Packaging?

- **Agree Strongly (top box)**
- **Agree Strongly/Somewhat (top 2 box)**
- **Disagree Strongly/Somewhat (bottom 2 box)**

For the United States:
- 82% agree strongly
- 5% agree somewhat
- 5% disagree somewhat
- 0% disagree strongly

For the United Kingdom:
- 91% agree strongly
- 67% agree somewhat
- 3% disagree somewhat
- 0% disagree strongly
Personal Willingness to Pay a Bit More for Environmentally Friendly Packaging

Awareness and Attitudes Regarding Packaging and the Environment Appear to Be Largely Parallel in the U.S. and UK.

Q. Would you be willing to pay an extra ten cents ($0.10) for the package that you feel is more environmentally friendly?
Shoppers’ Perceptions of Bottled Water Packaging
Does Environmental Messaging have an Impact?

The Poland Spring bottle calls out environmental benefits on the labeling...
Bottled Water Packaging: Environmental Perceptions

Poland Spring  
“E” Rating: 8.44

Deer Park  
“E” Rating: 8.32

Aquafina  
“E” Rating: 8.02

Dasani  
“E” Rating: 8.01
Which Water Package is the Most Environmentally Friendly?

- Aquafina 17%
- Deer Park 22%
- Dasani 23%
- Poland Spring 38%

On-Pack Environmental Messaging Appeared to Drive Differentiation for Poland Spring.
Would You Pay 10 Cents for a More Environmentally Friendly Water Package?

No 37%
Yes 63%
Packaging Disposal

How Would You Dispose of These Water Bottles?

- Would Put in the Recycling Bin 76%
- Would Put in Normal Household Garbage 17%
- Would Keep for Other Uses 7%
Overall Preference - Bottled Water Packaging

Environmental Advantages Don’t Translate Directly into Overall Preference.

Q. Which of these packages do you prefer most?
Final Thoughts:
What Have We Seen?
(Generalized Findings Across Studies)
What We’ve Seen: Reactions to Sustainable Packaging

- Shoppers don’t know which packaging systems are good for the environment.

- There is significant confusion/blending in terms of environmental perceptions:
  - The Package vs. the Product
  - “Good for you” (organic, etc.) vs. “Good for the Planet”
Implications for Sustainable Packaging Development

It’s Best to Link to a Larger Environmental Proposition.
Shoppers’ perceptions and receptivity are driven primarily by quality appearance and anticipated packaging functionality.

Proposed systems that have raised concerns are those that have:

- Poor aesthetics/appearance (i.e. looks cheap)
- Functional limitations, primarily tied to:
  - Product protection (durability)
  - Ease of opening
  - Re-sealability

If the Packaging Looks “Cheap” or Doesn’t Deliver Functionally, Nothing Else Matters
What We’ve Seen: Reactions to Sustainable Packaging

Environmental Claims/Messaging are Valuable & Vital.
Which Environmental Claims Resonate with Shoppers?

- **The Most Compelling Claims:**
  - Made from Recycled Materials
  - Can Be Recycled

- **The Least Compelling Claims**
  - Contains Post-Consumer Materials
  - Sustainable
  - Made from Renewable Resources

References to “Made from Corn” or “No Oil Used” appear to resonate with some shoppers.
Beware of “Generalities” Across Categories
(i.e. “What Would You “Trade Off” for More Environmentally Friendly Packaging?”)

– Instead, Understand Dynamics Within Your Category

Beware of Direct Questioning About the Environment
(i.e. “Do You Care?”)

– Instead, Measure Behavior and Listen to Hear if Environmental Factors are Driving Preference

Beware of Direct Questioning About Pricing
(i.e. “Would You Pay More?”)

– Instead, Test a New System at a Higher Price Point
Thanks!

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