ABOUT THE STUDY

At WestRock, we believe packaging matters—to brands, retailers and consumers. And so we study it in depth through the entire packaging lifecycle: from the lab, through the supply chain, at the shelf and in consumers’ homes. For more than five 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 more than 5,000 consumers and packaging professionals and third-party research experts around the globe. We’ve highlighted key trends like safety, sustainability and e-commerce. We’ve used the findings to drive deeper conversations with customers about how to impact consumer purchase decisions, with investors to provide context for our play-to-win strategy and with employees to strengthen engagement around our purpose as a company.

Methodology

The survey was fielded with a sample size of 1,000 U.S. general population consumers from March 9-16, 2017 via a 15-minute online survey. The margin of error is +/- 3.1% at the 95% confidence level.¹

¹ WestRock Packaging Matters Pulse Survey (March 2017)
INTRODUCTION

Consumers are driving seismic shifts in the brand and retail marketplace across all consumer product categories, including food, beverage, healthcare and beauty. Major changes in the way consumers want to purchase and consume products create an opportunity for brands and retailers to earn new—potentially regular—customers. For example, Gallup forecasts the on-demand delivery food market, including quick-service restaurants, full-service restaurants, home meal kits and others—at more than $100 billion over the next three years. Subscription services, inspired by the success of beauty pioneer Birch Box have experienced rapid growth. According to eMarketer, web traffic to subscription search sites increased 56% in 2016 alone.

Trends like on-demand delivery and subscription services also pose significant risk to brands. With a higher and more complex level of engagement with consumers, the potential for delight and disappointment both increase. As this environment takes shape, retailers are stretching their nearly 10-year run on private label growth into a new decade, capitalizing on consumer willingness to try new things. According to Nielsen, “a door once opened by economic necessity has widened to include a variety of private-label products that remain viable and trusted for many consumers worldwide.”

These new pathways for engagement with consumers also open up competition to players with expertise in areas other than fast-moving consumer goods. Just a few years ago, who would have thought a ride-sharing company would be a competitor of a quick-service restaurant? Or a subscription service would be a competitor to a drugstore? Or an online bookseller would be a competitor to just about everyone?

The disruption in the CPG marketplace is so significant and wide-reaching across categories, demographics and geographies, that the opportunity for brands is huge. And so is the risk.

With so much pressure to deliver a consistent brand experience across so many platforms in a marketplace with so many new entrants, how can brands and retailers win?

Here is the good news: According to our Packaging Matters Pulse survey, 88% of consumers agree that brands are headed in the right direction when it comes to packaging. With our first Packaging Matters Pulse survey, we’re building on five years of data and insights into the role of packaging in influencing consumer purchasing behavior. Now more than ever before, we believe packaging can play a major role in helping brands win in this moment. See how, starting on the next page.

2 “Can McDonald’s Win in $100 billion Food Delivery Market?” David Leonard and Matt Hoover, Gallup, May 9, 2017.
5 WestRock Packaging Matters Pulse Survey (March 2017). Q6. Thinking about new trends in packaging, do you think brands are headed in the right direction, or off on the wrong track when it comes to developing packaging to better meet your needs? Total n=1,006
6 WestRock Packaging Matters Pulse Survey (March 2017). Q6. Thinking about new trends in packaging, do you think brands are headed in the right direction, or off on the wrong track when it comes to developing packaging to better meet your needs? Total n=1,006
The brand/consumer relationship is carefully choreographed and often long-standing. While consumers are demonstrating a willingness to try new ways of interacting with their favorite brands, these experiences can be a little scary. Across the consumer journey—from purchasing to receiving to consuming, packaging can play an important role in reassuring consumers that the product they know and love is arriving to them safely and securely.

With emerging delivery, on-demand and subscription models like Uber Eats and Amazon Fresh and Blue Apron, consumers now receive almost anything, including food, without the ability to see it before purchase. The success of these new business models relies on the notion of trust among the consumer, brand and retailer/operator, and packaging can support that. For example: Previous Packaging Matters research showed packaging that emphasizes safety increases trust with consumers. 6 Our Pulse data shows that three quarters of consumers credit this kind of packaging with building trust.

76% say brands build trust by using high quality materials and ingredients in their products

77% say packaging that uses materials that "keep me and my family safe," builds trust

74% say that packaging labels which communicate transparently and honestly about product ingredients and potential dangers build trust

Especially for women and Baby Boomers, the idea of trust in packaging is most linked to tamper-proofing and prevention of contamination. 86% of both groups surveyed indicated these measures were extremely or very impactful for building trust.

As consumers continue to experiment with new ways to purchase and consume products, packaging can play an important role in reassuring them they can trust the product and the brand.

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6 Packaging Matters Survey (2015)
7 WestRock Packaging Matters Pulse Survey (March 2017) (Q10. Below is a list of actions a brand could take in order to build trust in its products. How impactful would the following actions be on building your trust? (% extremely / very impactful) Total n=1000)
Competition for consumer attention at shelf and on the screen continues to intensify. According to Entrepreneur, “in today’s world of endless options for everything, brands need to work hard to cut through shelf clutter, be it physical space at a Whole Foods or Sephora or click-and-mortar outlets like Amazon where a search for ‘nail polish’ returns a staggering 48,000 results.” Brands invest heavily in omni-channel marketing strategies, but in the end, the only element of that mix consumers are guaranteed to interact with is the packaging. In order to consume a product, a customer must interact with a package.

For example: Private label continues to pose a threat to branded products. How can packaging provide an edge? According to our Packaging Matters data, 96% of consumers are either very or somewhat satisfied with private label packaging. In fact—nine out of ten consumers surveyed think these products are the same quality (56%) or better (36%). But it’s not all great news for private label—consumers do report slightly lower levels of trust for private label products. And back to the theme of trust, packaging can reassure consumers and strengthen connections to brands.

42% of consumers have used a product more frequently because of the packaging

35% of consumers have changed brands because of new packaging

65% of consumers have tried something new because of the packaging

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9 WestRock Packaging Matters Pulse Survey (March 2017) (Q1. Please indicate how satisfied you are with the packaging for private label products. % completely / very / moderately satisfied – Total n=1000)
10 Packaging Matters Study (2016)
With all the new choices in the marketplace and all the new ways to purchase and consume products, there is a clear need for consumer education. Consumers have been relying on product packaging for directions for use (think cake mix boxes) and dosing (think prescription bottles) for decades. This new environment is another great opportunity to leverage packaging as an educational tool.

Packaging satisfaction for meal kit subscriptions is lower—a full six points below the average from our Pulse survey (71% v 77%).

Online food service delivery packaging and meal kit subscription service packaging ranks among the worst this year; 31% of those surveyed said they were either moderately, slightly or not at all satisfied for both.

About one in ten are currently subscribing

Fewer than one in five have any level of experience with these new services

Of those who do have experience, most (8/10) say they would discontinue a subscription if the packaging is bad.\textsuperscript{11}

\textsuperscript{11} WestRock Packaging Matters Pulse Survey (March 2017) (Q23. Have you ever tried or do you currently use any of the following subscription-based online services? Q24. How likely are you to discontinue a subscription-based online service due to bad packaging? Total n=1002)
As brands explore ways to maintain their strong relationships with consumers through this period of major change, packaging can play an important role across all categories and regions.

Gallup recently explored the challenges and opportunities for brands in the new $100 billion sector of on-demand food delivery and meal kit subscriptions, citing rapid delivery and restaurant-like experiences as keys to success. Gallup suggests QSRs and delivery providers “expand their strategic thinking to include critical suppliers—such as packaging manufacturers—to determine an effective business model that captures full market potential.”

This is great advice not only for QSRs but also for brand owners and retailers in the beauty, beverage, home & garden, and healthcare categories who face a similarly disruptive market climate. Through our Packaging Matters research across categories, demographics and geographies, we continue to see a clear and valuable role for packaging in supporting brand engagement with consumers. At WestRock, we know packaging matters and can play a strategic role in your brand’s strategy to win in this evolving marketplace. As the CPG environment continues to shift and change, packaging can be a cost-effective and efficient way to reassure consumer trust, solidify brand presence and enhance consumer education.

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**Data Sources:**

- “Can McDonald’s Win in $100 Billion Food Delivery Market,” David Leonard and Matt Hoover, Gallup, May 9, 2017.