



March 2008

Packaging and the Environment
a global Nielsen consumer report

nielsen
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- 47 percent would give up portable packaging
- Shelf-life not so easy to give up
- Product information takes precedence
- Protective packaging a high priority
- Majority of consumers not willing to forego hygiene

There's no doubt about it: Green is the new black. With publicity surrounding the threat of global warming on the rise, environmental friendliness has fast become a marketer's dream. Packaging waste, in particular, is fast becoming the *enfant terrible* of environmental concerns. Concern around packaging waste is increasing at a higher rate than any other environmental issue¹, yet when it comes to shopping for everyday essentials, are consumers *really* willing to put their money where their mouth is? The latest global consumer survey from Nielsen says that all depends on what they'd have to sacrifice.

According to a global food packaging survey conducted by The Nielsen Company, the world's leading media and consumer research firm, 90 percent of consumers who cited recyclable bags and packaging as a key driver of store choice would be willing to give up an aspect of packaging if it meant it would help the environment. Almost half (49%) claimed they'd dispense with stackable/storable packaging and convenience packaging (48%), but some factors, such as hygiene and protection, are less negotiable.

Conducted in mid 2007, the study surveyed 26,486 Internet users in 47 markets² from Europe, Asia Pacific, the Americas, the Middle East and Africa, on the factors that influenced their choice of grocery store and their preferences in packaging.

Consumers who claimed they considered a store's environmental friendliness important when choosing where to shop were then asked which aspects of packaging they'd be willing to give up if it meant it would benefit the environment.



Findings from Nielsen's 360° proprietary pack research system, *packs@work*TM, reveal that food retailers and manufacturers are continuously striving to meet consumer demand for more eco-friendly packaging solutions that minimize impact on the environment. "In more eco-aware markets there is increasing expectation of packaging with minimized environmental impacts, although for most consumers, this doesn't necessarily translate into a willingness to pay more for it. What most consumers expect is packaging that provides an added 'feel eco-good factor', by minimizing environmental impacts," said Wendy Stockwell, Director, Nielsen Customized Research.

¹Source: Nielsen Climate Change Barometer, November 2007. In the latest round of the survey, the level of concern around packaging waste increased from 31 percent to 40 percent, outpacing concern for climate change, water shortage, water and air pollution and use of pesticides.

²47 Markets Covered: Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Italy, Japan, Latvia, Lithuania, Malaysia, Mexico, Netherlands, New Zealand, Norway, Philippines, Poland, Portugal, Russia, Thailand, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, UAE, United Kingdom, US and Vietnam.

90% of “eco-aware” consumers willing to give up the “whole package” for greener options

One of the most pertinent issues affecting grocery manufacturers today is the quest for the perfect package. Packaging must be convenient, innovative, hygienic, attractive, informative and, increasingly, green. Unfortunately for manufacturers, however, the entire notion of packaging consumer goods is decidedly un-green. Innovations in recyclable materials have tempered this perception in many markets, but the attitude that environmentally-friendly packaging requires a trade-off on other factors prevails amongst manufacturers and consumers alike. The good news for manufacturers is that many consumers

will accept a compromise: 90 percent of “eco-aware” global consumers (shoppers who say stores that “use recyclable bags and packaging are very/quite important when deciding where to do grocery shopping”) claimed they would be willing to sacrifice one or more other desirable aspects of packaging if it meant it would benefit the environment.

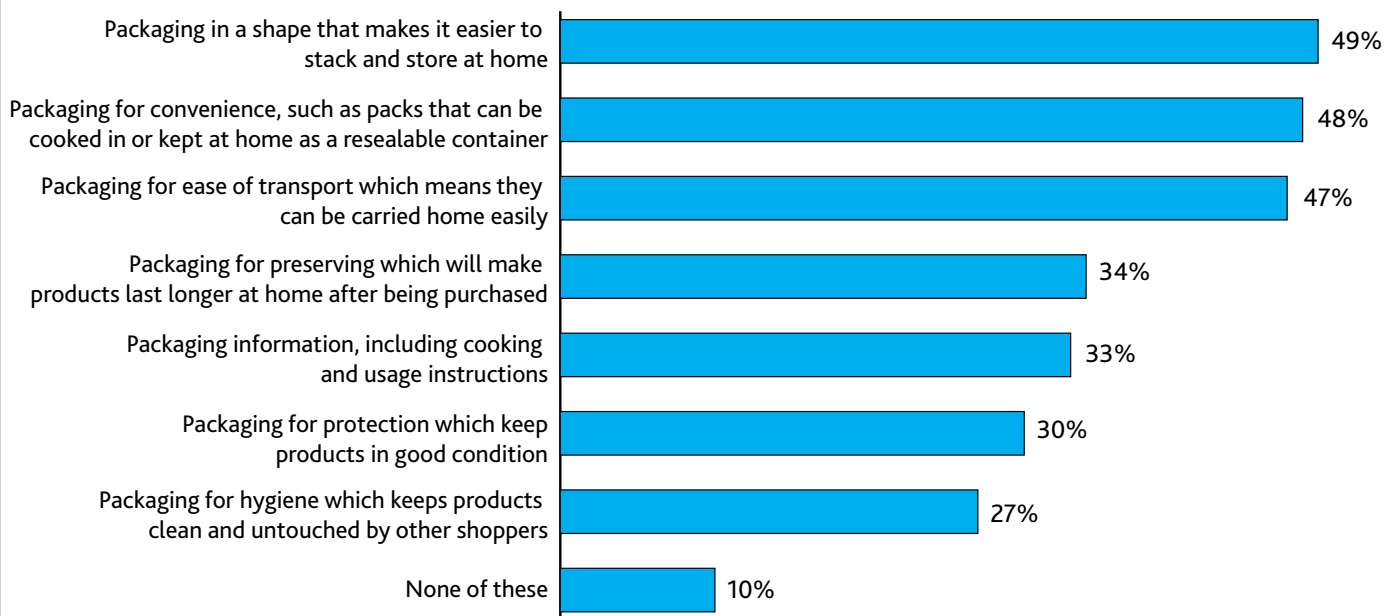
Globally, nearly half of the world’s “eco-aware” consumers would be willing to give up packaging in a shape that enables it to stack or store easily at home (49%), packaging that enables them to keep as a resealable container (48%) and packaging that means it’s easier to carry home (47%) – if it meant it would benefit the environment. At the other end of the

scale, the same consumers are less willing to give up packaging that would affect the hygiene (27%) and condition (30%) of the products.

Interestingly, environmentally-aware New Zealanders topped global rankings as the nation most prepared to give up all aspects of packaging for the sake of the environment. This may in large part be due to high levels of ‘eco-consciousness’, including in-store reminders and recyclable bag merchandising by supermarkets, and weekly recyclable rubbish collection instituted by local authorities in most cities.

Which of these aspects of packaging would you be prepared to give up if it meant that it would benefit the environment?

Global average



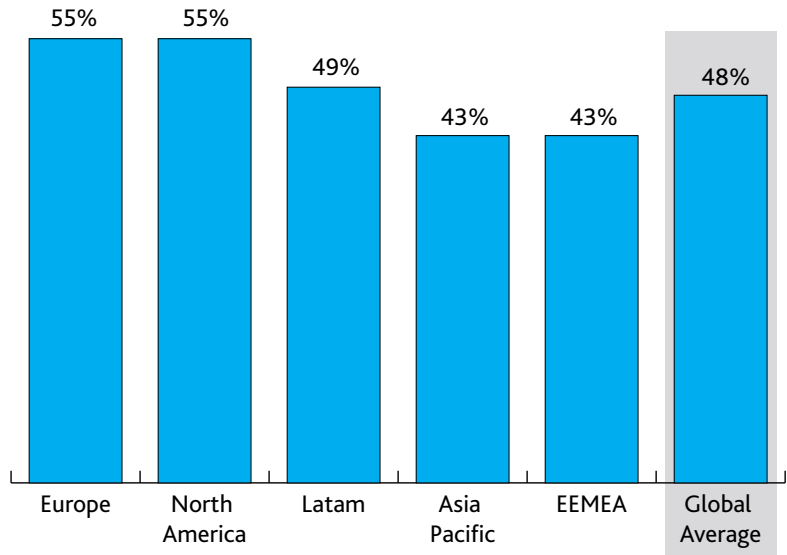
Base: Those rated “Uses recyclable bags and packaging” as very or quite important when deciding where to do grocery shopping

Clever storage doesn't stack up against the future of the planet

Keeping a tidy pantry appears to be less of a priority than looking after our planet for the world's "eco-aware" consumers. The most popular packaging trade-off is stackability/storeability, with almost one in two consumers claiming they'd be willing to sacrifice packaging in a shape that enables it to stack or store at home easier (49%) if it meant it would benefit the environment. The majority of the markets in the top 10 hail from Europe, with almost three quarters of environmentally-conscious Norwegians (74%), Irish (72%) and Finns (71%) claiming they'd relinquish stackability/ storeability for the environment. In Asia, where high population densities mean residential space is at a premium, consumers are far less likely to give up packaging that optimizes pantry space – only 28 percent of Thais and 31 percent of Koreans claimed they'd give it up for the sake of the environment.

Which of these aspects of packaging would you be prepared to give up if it meant that it would benefit the environment?

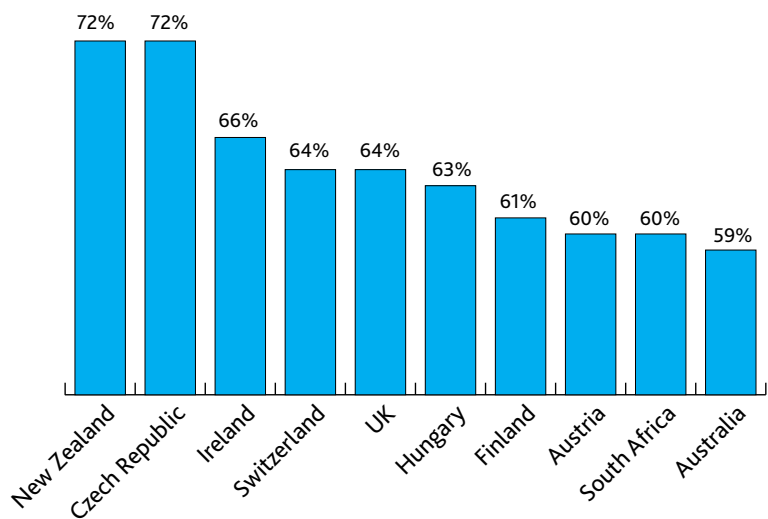
Packaging for convenience, such as packs that can be cooked in or kept at home as a resealable container



Base: Those rated "Uses recyclable bags and packaging" as very or quite important when deciding where to do grocery shopping

Which of these aspects of packaging would you be prepared to give up if it meant that it would benefit the environment?

Top 10 Packaging for convenience, such as packs that can be cooked in or kept at home as a resealable container



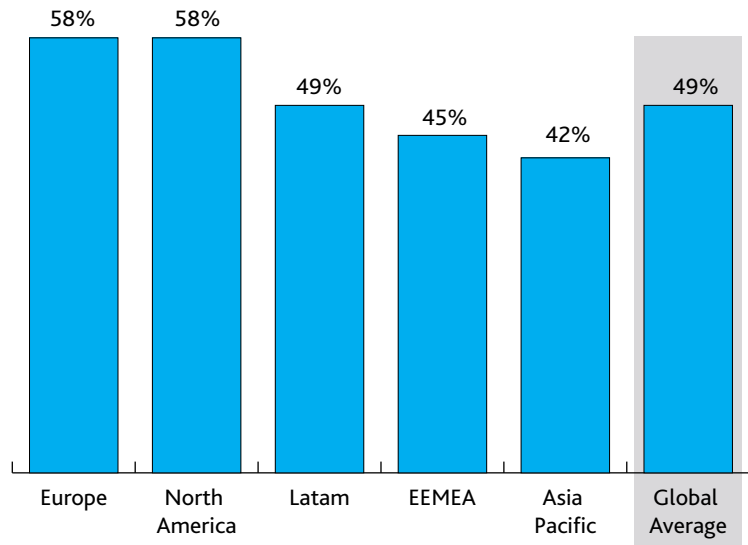
Base: Those rated "Uses recyclable bags and packaging" as very or quite important when deciding where to do grocery shopping

It may be inconvenient, but it's the truth – almost half of consumers would give up convenience packaging for the sake of the environment

Historically, the environment has suffered as a direct consequence of our quest for a more convenient lifestyle. Notions of convenience are constantly at loggerheads with environmental concerns, so it is not surprising that convenience is the second most likely packaging feature to land on the environmental scrap heap. Just under half of consumers surveyed (48%) would be willing to forego convenience for the environment, with Europeans and North Americans the most likely regions to scrap convenience packaging. New Zealanders and Czechs are in the lead, with 72 percent of consumers from both countries willing to do away with convenience packaging for the sake of the environment. At the other end of the spectrum, only 27 percent of Koreans and 28 percent of Taiwanese would be willing to make this sacrifice.

Which of these aspects of packaging would you be prepared to give up if it meant that it would benefit the environment?

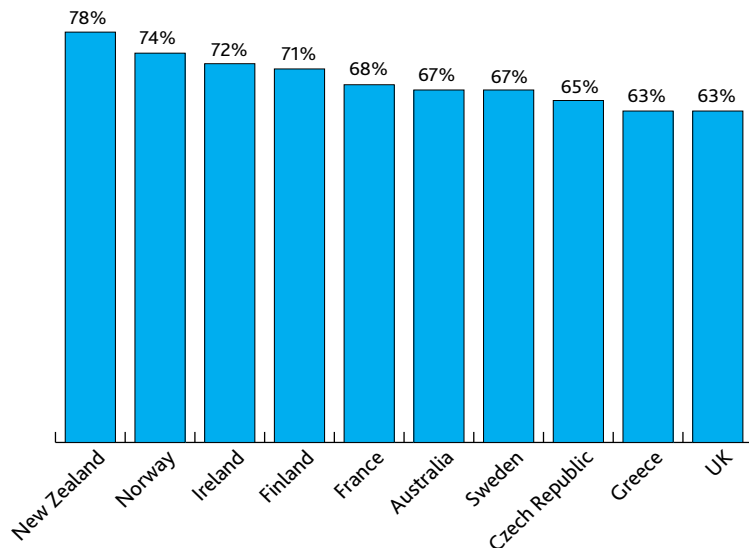
Packaging in a shape that makes it easier to stack and store at home



Base: Those rated "Uses recyclable bags and packaging" as very or quite important when deciding where to do grocery shopping

Which of these aspects of packaging would you be prepared to give up if it meant that it would benefit the environment?

Top 10 Packaging in a shape that makes it easier to stack and store at home



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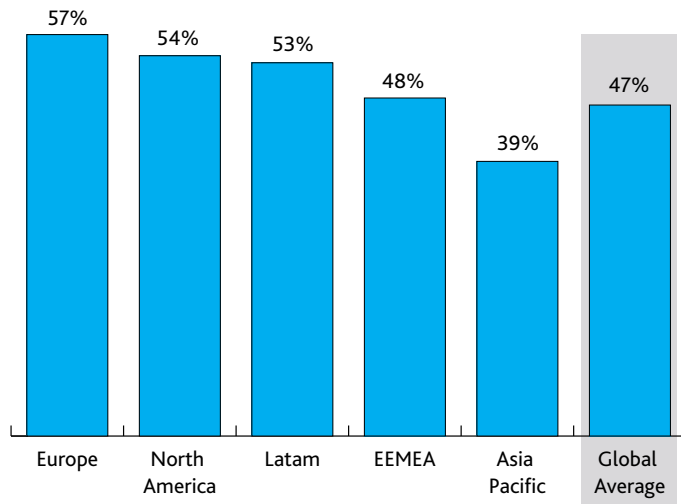
Portable packaging no great burden: 47 percent would give it up for the environment

When it comes to easily transportable packaging, almost half (47%) of “eco-aware” consumers feel that ease of carrying pales in significance when compared with their environmental footprint. Resourceful Europeans top the charts once more, with an average of 57 percent claiming they’d renege easily-transportable grocery packaging if it would benefit the environment. France (69%), Ireland (68%) and the Czech Republic (67%) lead Europe once again.

In contrast, only 28 percent of Russians and 29 percent of South Koreans would be willing to sacrifice ease of transport for the environment.

Which of these aspects of packaging would you be prepared to give up if it meant that it would benefit the environment?

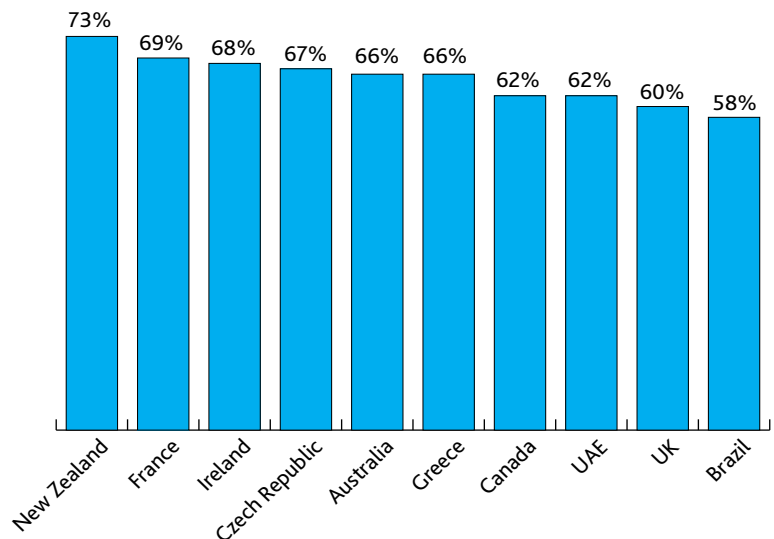
Packaging for ease of transport which means they can be carried home easily



Base: Those rated “Uses recyclable bags and packaging” as very or quite important when deciding where to do grocery shopping

Which of these aspects of packaging would you be prepared to give up if it meant that it would benefit the environment?

Top 10 Packaging for ease of transport which means they can be carried home easily



Base: Those rated “Uses recyclable bags and packaging” as very or quite important when deciding where to do grocery shopping

Shelf-life not so easy to give up for the sake of the environment

As consumers the world over become more time-poor, they are reluctant to trade packaging that extends product shelf-life in favour of environmentally-friendly options. 34 percent of eco-aware consumers surveyed would consider giving up long-life packaging. Mexicans (52%) and Indonesians (47%) are more likely to compromise on shelf-life, while only 22 percent of Russians and 29 percent of Egyptians and New Zealanders would be willing to give up long-life packaging.

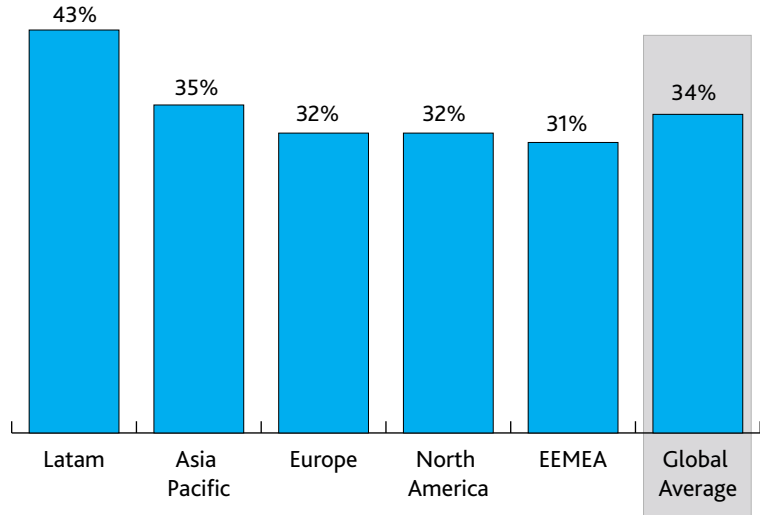
According to Nielsen ShopperTrends, Asian consumers place a high priority on fresh food – 90 percent of urban Asian shoppers go to Wet Markets to buy their main Fresh Food and shop as often as 10 times a month at traditional grocery stores. In Europe, shoppers visit the supermarket/hypermarket/discounters on average only six to eight times a month, so long-life packaging is a more immediate concern.

Cultural attitudes towards food and shopping habits are a big influencer of packaging preferences and we see a distinct contrast between East and West attitudes. Asian shoppers placed less priority on packaging that preserves food – perhaps because they shop frequently and don't tend to buy products with a long shelf life.

Shuchi Sethi, Vice President, Nielsen Customized Research

Which of these aspects of packaging would you be prepared to give up if it meant that it would benefit the environment?

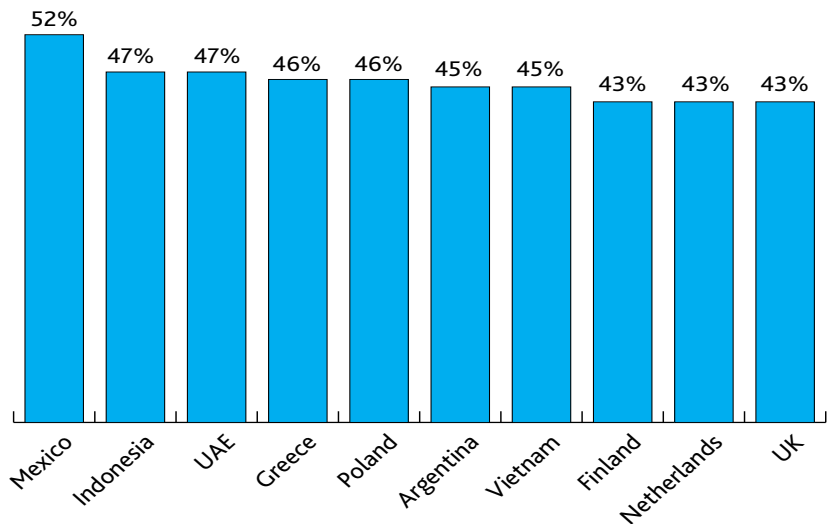
Packaging for preserving which will make products last longer at home after being purchased



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Which of these aspects of packaging would you be prepared to give up if it meant that it would benefit the environment?

Top 10 Packaging for preserving which will make products last longer at home after being purchased



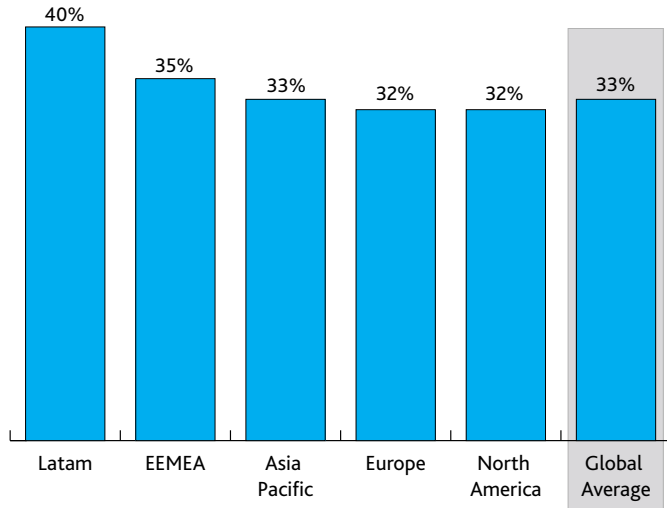
Base: Those rated "Uses recyclable bags and packaging" as very or quite important when deciding where to do grocery shopping

Better the devil you know – product information takes precedence over environmental concerns

Information has long been an integral part of the grocery packaging offering. From serving suggestions to nutritional information to recipes, consumers rely on packaging information to make the most of their groceries. And it seems this information is not going anywhere fast – only a third (33%) of “eco-aware” consumers globally would be willing to forego it for the sake of the environment. Over half of Vietnamese (52%), Finnish (51%), Polish (51%) and Emirati (51%) consumers could make do without information such as cooking and usage instructions if it would benefit the environment, compared with 26 percent of Russians, 28 percent of Canadians and a diminutive 16 percent of Taiwanese and 19 percent of Japanese.

Which of these aspects of packaging would you be prepared to give up if it meant that it would benefit the environment?

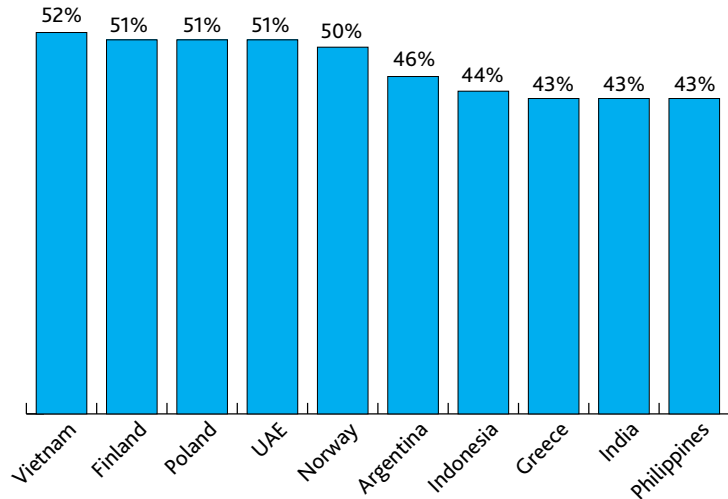
Packaging information, including cooking and usage instructions



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Top 10 Packaging information, including cooking and usage instructions



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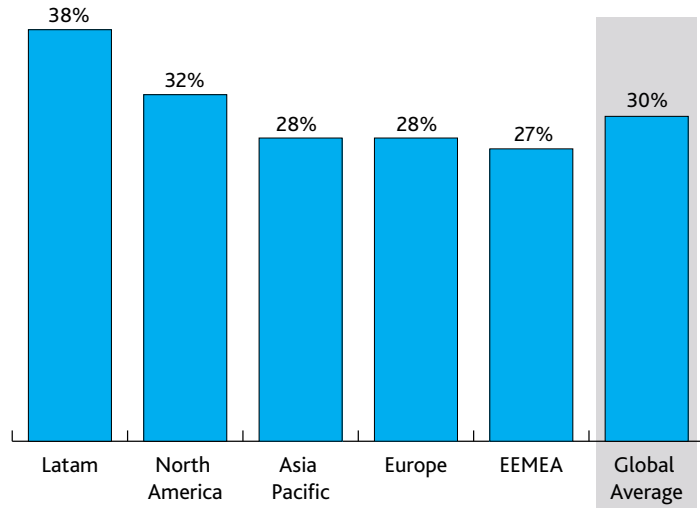
Protective packaging a high priority

The majority of consumers across the globe consider it important that their groceries go from supplier to shelf in top condition, and 60 percent would not give up protective packaging for the environment's sake. Almost half of Vietnamese (48%) and Emirati (47%) consumers would consider compromising on protective packaging. In stark contrast, only 15 percent of Russians, 16 percent of Latvians and 17 percent of Austrians would be willing to sacrifice the condition of their groceries.

In more eco-conscious countries, Nielsen *packs@work* studies reveal consumer preference for packaging that is recyclable, biodegradable and safe from a disposal perspective – using materials such as paper, cardboard and/or glass rather than plastic or polystyrene. Glass packaging for example, is considered to be hygienic, inert, recyclable, tamper proof, and potentially to extend product life. And its aesthetic appeal provides positive cues about product authenticity, quality and efficacy. “We are starting to see some backlash against plastics that are not recyclable, or whose chemical composition may lead to tainting or degradation of product quality,” noted Wendy Stockwell, Director, Nielsen Customized Research.

Which of these aspects of packaging would you be prepared to give up if it meant that it would benefit the environment?

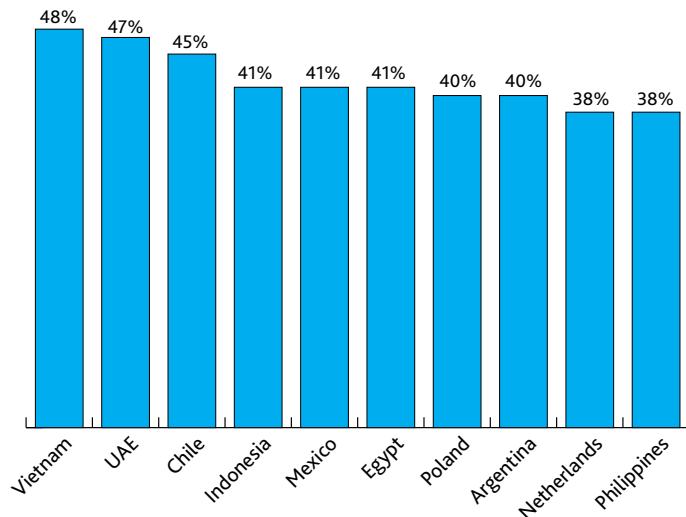
Packaging for protection which keep the products in good condition



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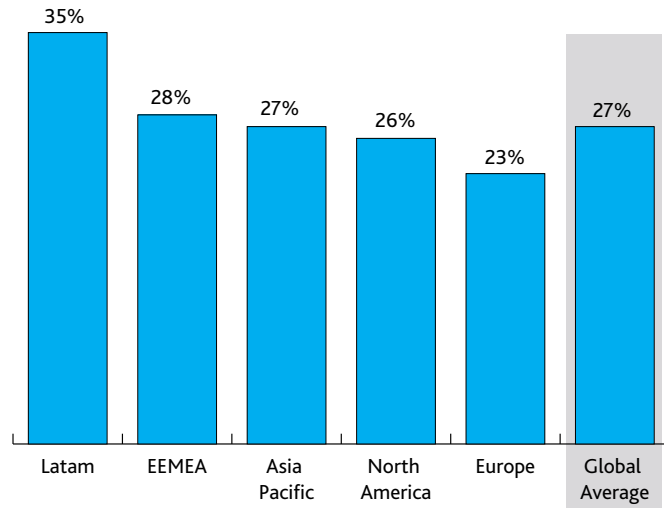
Base: Those rated “Uses recyclable bags and packaging” as very or quite important when deciding where to do grocery shopping

Hands off! Majority of consumers not willing to forego hygiene for a healthy planet

Hygiene in packaging remains a stumbling-block for most consumers, even for the sake of the environment. The thought of other shoppers handling their groceries is too much to bear for almost three quarters of those who consider themselves environmentally conscious (73%), who stated they would not give up hygiene packaging for environmental reasons. Vietnamese and Emirati consumers are less concerned with hygiene, with 53 and 50 percent of respondents respectively claiming they'd consider relinquishing hermetically-sealed groceries for the sake of the planet. By contrast, only 13 percent of Germans and Hungarians and 15 percent of Hongkongers and Taiwanese would consider sacrificing hygienic packaging.

Which of these aspects of packaging would you be prepared to give up if it meant that it would benefit the environment?

Packaging for hygiene which keeps products clean and untouched by other shoppers



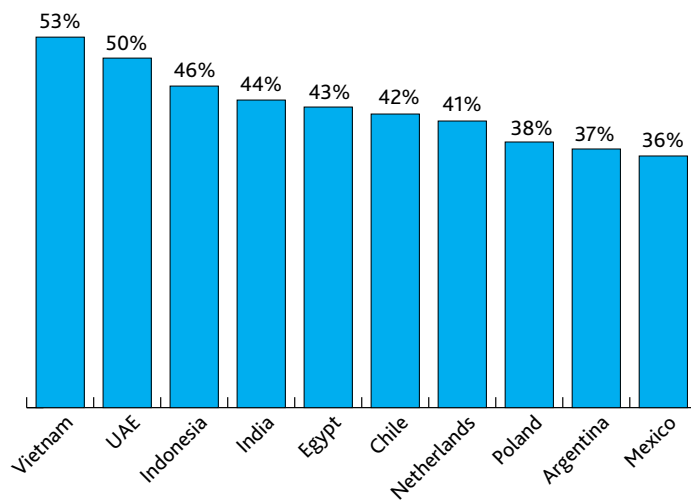
Base: Those rated "Uses recyclable bags and packaging" as very or quite important when deciding where to do grocery shopping

As global concern and awareness about the need to preserve the environment increase, consumers around the world are demanding greater responsibility from retailers and FMCG manufacturers. And while eco-friendly packaging might not be the top priority for shoppers today, it's certainly a growing consumer demand the food industry cannot ignore.

Shuchi Sethi, Vice President, Nielsen Customized Research

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The Quest for the Complete Package: Making Packaging Work

Wendy Stockwell, Director, Nielsen Customised Research

Powerful packaging fulfils several different roles successfully, throughout the product life cycle:

- shopper-attention-grabber and brand cue and communicator at point of purchase,
- to product protector and carrier in transport and storage,
- functional and practical dispenser in use, and
- easy and environmentally safe at disposal.

Consumer feedback about the hundreds of packs assessed using *packs@work*, support the findings of the recent Nielsen global food packaging survey.

Successful packs are ones whose dynamics address specific consumer needs at critical stages of the product's life cycle:

- packs with a distinctive presence on the shelf, that grab shoppers' attention. Their makers appreciate the value of the pack as a vital marketing mix element, with the power to strengthen brand impact in-store. For example, the successful launch of new shampoo brand Garnier in a certain market, whose vivid green colour attracted shopper attention amid a sea of pastel packs
- design decluttering... packs that maximise space for key brand and message communication, along with critical nutritional and/or usage information

- 'natural' design looks, riding on the back of the wider 'organics' and 'back to nature' trend
- formats that cater to interactive shoppers: in many categories some shopper segments expect to interact with the product at point of sale, whether by squeezing, opening and sniffing. Transparent packs provide the opportunity to inspect product contents before purchase.
- design functionality that enhances the usage experience, whether pump packs for convenience, hand grips, easy-to-open flip top lids
- smaller pack sizes; for example we see affordable, small sachets of personal and hair care products, increasing the push of consumerism in developing economies in Asia. In other markets small, flexible pack formats cater to on-the-go lifestyles.



Trends we predict are.....

Great focus on attracting shopper attention in-store in an increasingly fragmented media environment, via more frequent pack changes and dramatic pack looks:

- Increasing functionality for product transportation and storage, through increasing use of concentrated formulations (already evident in laundry powders, for example)
- Sustainable packaging with every increasingly reduced environmental impacts – demanded by legislators, and driven by retailers and consumers
- Enhanced functionality targeting specific micro-market niches
- Wider use of intelligent packaging with two key uses: enabling product tracking from manufacture through to disposal, and of packaging that indicates the state of the product contents.

About The Nielsen Global Online Survey

The Nielsen Global Online Survey is the largest half-yearly survey of its kind, aimed at gauging current confidence levels, spending habits/intentions and current major concerns of consumers across the globe. This survey, conducted in mid 2007, polled 26,486 Internet users in 47 markets from Europe, Asia Pacific, North America, the Middle East and Africa. The survey is representative of all Internet users aged 15+.

About The Nielsen Company

The Nielsen Company is a global information and media company with leading market positions in marketing information (ACNielsen), media information (Nielsen Media Research), online intelligence (NetRatings and BuzzMetrics), mobile measurement, trade shows and business publications (Billboard, The Hollywood Reporter, Adweek). The privately held company is active in more than 100 countries, with headquarters in Haarlem, the Netherlands, and New York, USA. For more information, please visit, www.nielsen.com



Don't get left on the shelf.

A great many shopping decisions are made at the point of sale. How confident are you that your packaging is outstanding enough to get your product over the line...and into your consumer's shopping basket?

packs@work, a service of The Nielsen Company, is a breakthrough, state-of-the-art packaging testing research system that provides cost-effective, rapid evaluation of a pack's strengths and weaknesses using leading edge graphic interactive tools over the Internet or via Computer Assisted Personal Interviewing.

Contact wendy.stockwell@nielsen.com for more information... and don't get left on the shelf.