



FPA

Flexible Packaging
Association



FRESH. FUNCTIONAL. FLEXIBLE.

Driving Business Growth with Flexible Packaging
FPA Brand Value Study

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INTRODUCTION

The smart, fresh and functional product attributes enhanced by flexible packaging fit contemporary consumer lifestyles and trends. Many brand owners (food or CPG companies selling retail products to consumers) **strategically match these packaging attributes with product attributes** that fit the brand value proposition.

The Flexible Packaging Association (FPA) commissioned a Brand Value Study to better quantify the **impact its members' packaging technologies have for brand owners**. This FPA Brand Value Study integrates primary research with consumers, brand owners, and industry members, plus the input of secondary research and case studies on packaging innovations.



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The data includes insights from brand owners surveyed online in August 2015 by *Packaging World* magazine,¹ insights from consumers surveyed online in September 2015 by Harris Poll,² and insights from FPA members interviewed by Gibbs-rbb in 2015.⁴



ENHANCING BRAND VALUE

Enhancing Brand Value

The positive impact packaging has on brand value is well known by most brand owners (food and CPG companies).

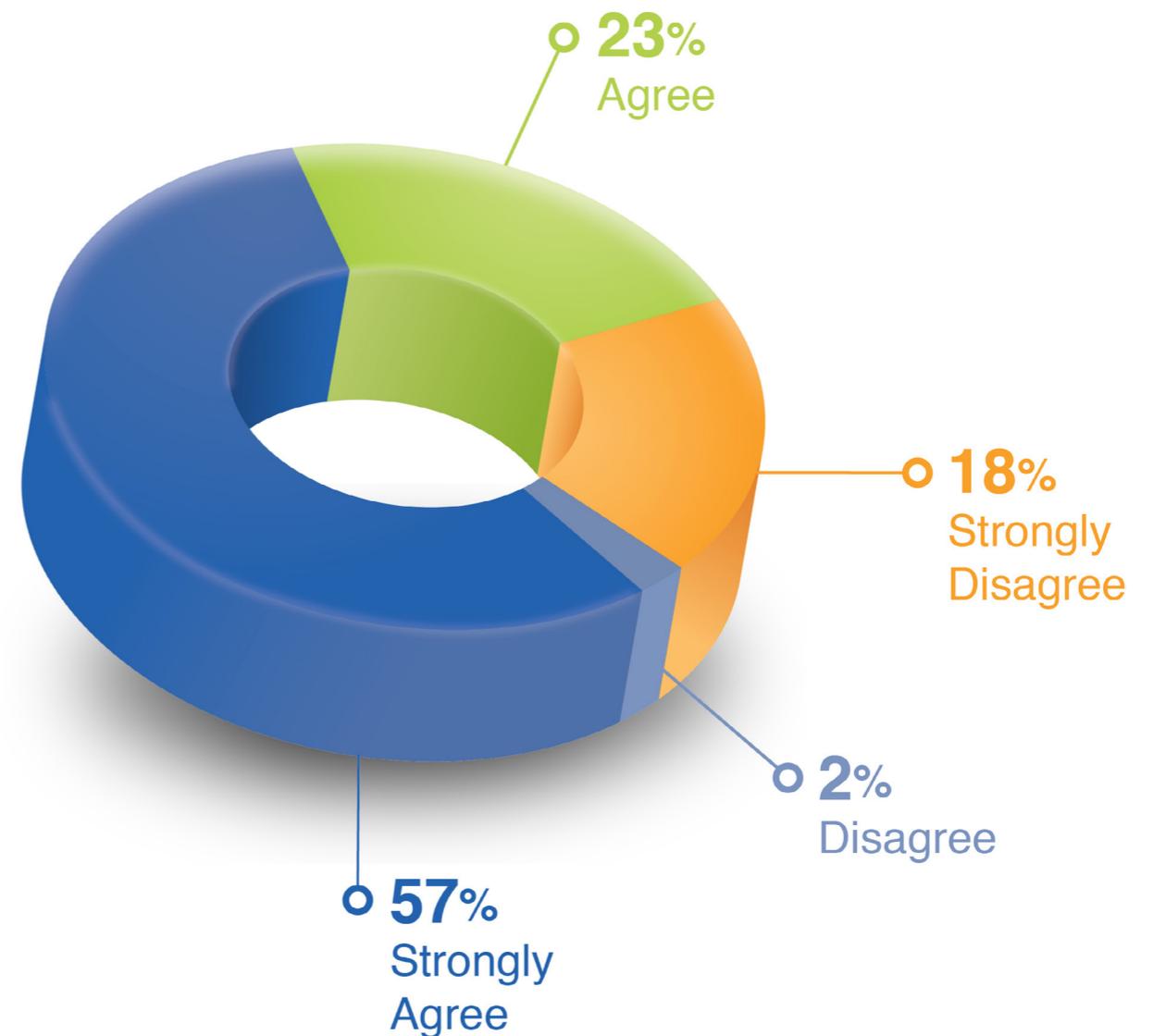
In a survey of brand owners conducted by *Packaging World*¹ and commissioned by FPA, 57% of respondents said they “strongly agree” with the statement that “packaging has an influence on my brand’s value,” while an additional 23% “agreed” with the statement.

The 304 respondents to the *Packaging World* survey¹ represent a cross-section of key decision makers from brand owners, including companies in food, personal care, healthcare and packaging/design consulting.

Of brand owners surveyed,
80% AGREE
that packaging influences
brand value.

Packaging has an influence on my brand’s value.

Packaging World survey of brand owners



Enhancing Brand Value

Brand owners surveyed by *Packaging World*¹ were asked to select which three stakeholders are most likely to influence their choices of packaging solutions.

Knowing the importance packaging has on brand value, marketing and brand managers were mentioned as most influential. Consumers were mentioned by more than half of respondents, while one in three said packaging suppliers were most influential when choosing a packaging solution.



Which three stakeholders are most likely to influence your choice of packaging solution?

Packaging World survey of brand owners (respondents could choose up to three answer choices)



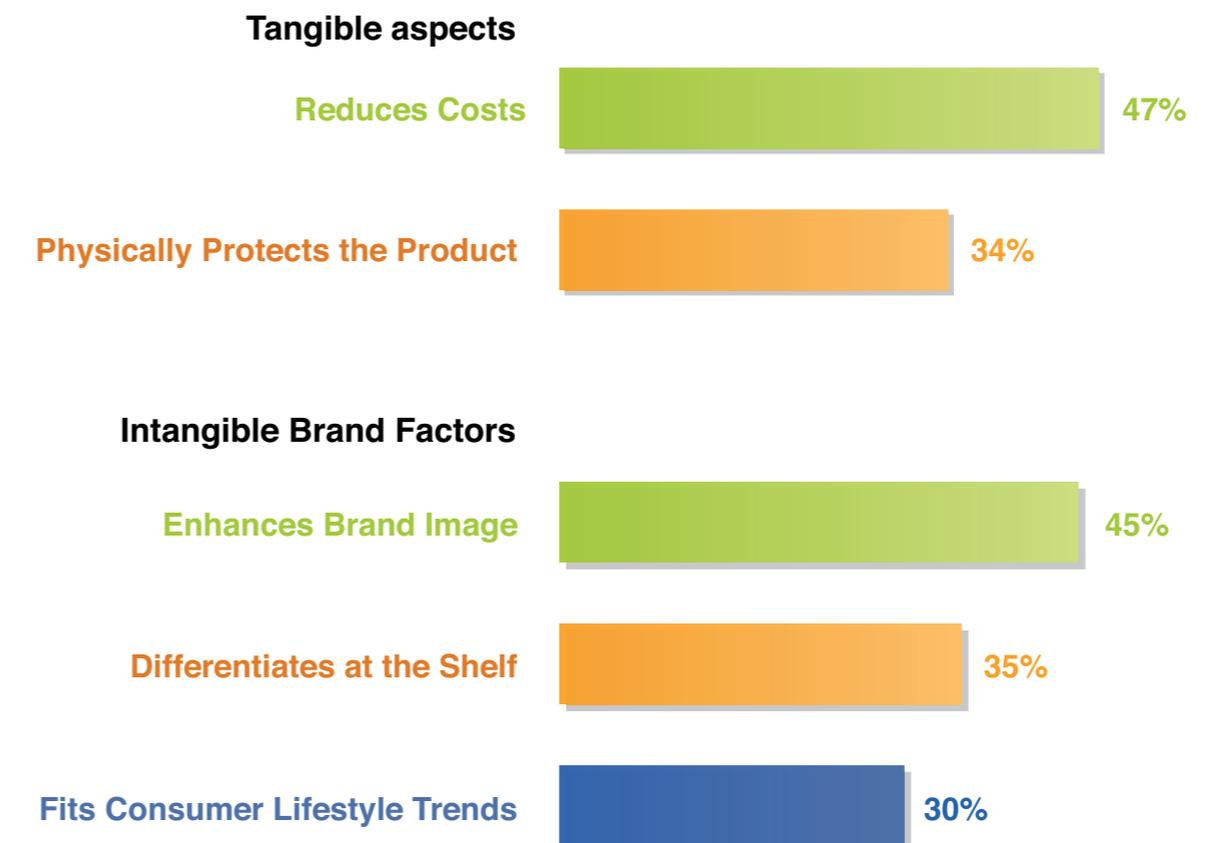
Enhancing Brand Value

In the *Packaging World*¹ survey, brand owners were asked to choose the three most important attributes of flexible packaging.

Two of the top five attributes were tangible aspects while three were intangible brand factors.

*When assessing flexible packaging, which three attributes would be **most important to your brand?***

Packaging World survey of brand owners (respondents could choose up to three answer choices)



Interesting Fact:¹

Top three attributes for Brand Owners in:

Non-food categories

Reduces costs (52%)

Physically protects the product (41%)

Enhances brand image (40%)

Food categories

Enhances brand image (51%)

Extends shelf life (42%)

Reduces costs (41%)

Enhancing Brand Value

In the *Packaging World* survey,¹ brand owners were asked which packaging attributes they felt were most important to consumers. By far the most important attribute selected by brand owners was “ability to reseal” which was listed by almost two out of three respondents (who could choose up to three answer choices).

In the FPA survey of 2,120 consumers conducted by Harris Poll,² consumers placed high value on packaging that is “easy to store” and also rated “easy to carry” in the top five.

Considering the rise of snacking⁷ and consumers’ general desire for convenience, it may not be surprising that “easy to store” and “easy to carry” are desirable attributes.



Interesting Fact:¹

Preferences reported by consumers and those predicted by brand owners were mostly consistent. Two exceptions where brand owners underestimated consumer value were “easy to store” and “easy to carry.”

Consumers said ...

Easy to Store

Resealable

Easy to Open

Extends Product Life

Easy to Carry

Brand Owners said ...

Resealable

Easy to Open

Able to See Product

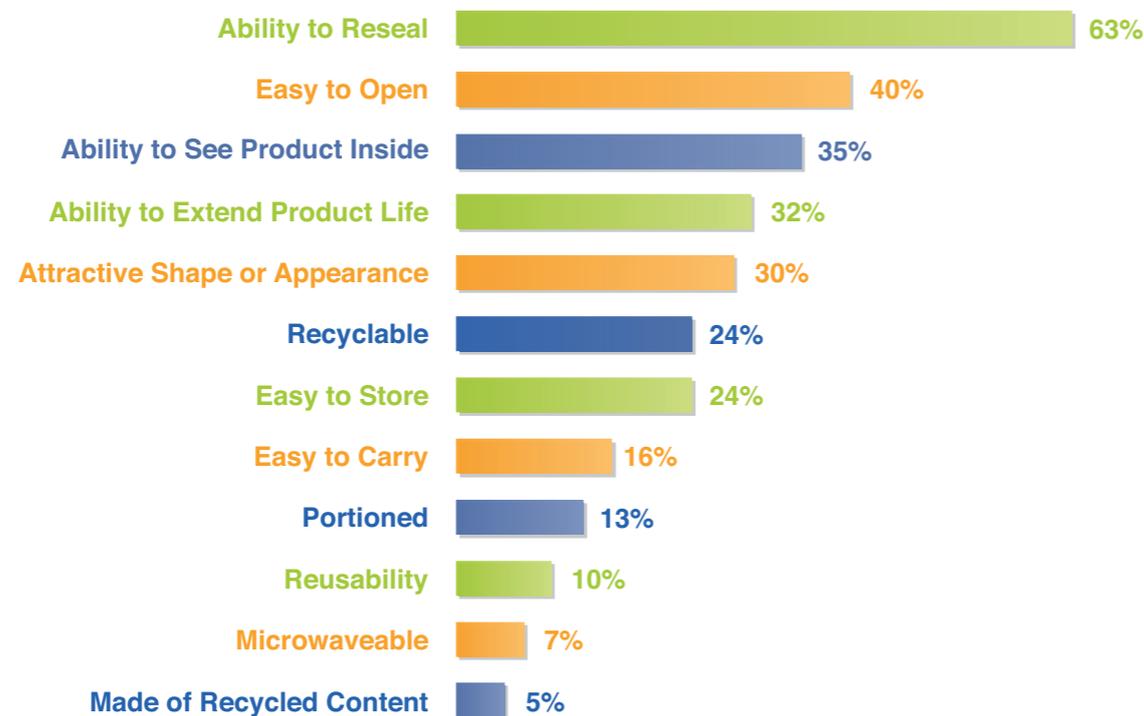
Extends Product Life

Attractive Packaging

Enhancing Brand Value

When it comes to using flexible packaging with FOOD products, which three attributes do you think would be **most important to consumers**?

Packaging World survey of brand owners (respondents could choose up to three answer choices)

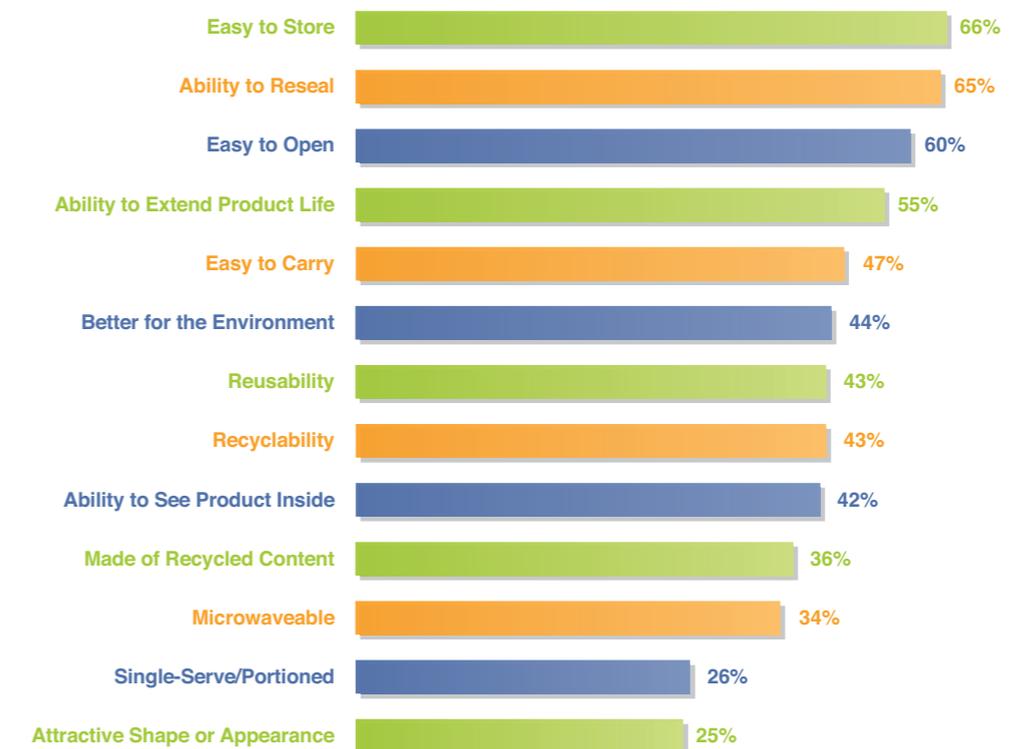


Brand owners predicted consumers would place the highest importance on packaging with the

“ABILITY TO RESEAL.”

How important, if at all, are each of the following **packaging features of food products** to you?

FPA survey conducted by Harris Poll



“EASY TO STORE”

tops the list of **consumers’** desirable packaging attributes.

Enhancing Brand Value

Like advertising and other marketing, the impact of packaging design on purchase decisions is not always obvious to consumers. But they do notice packaging. In the FPA survey conducted by Harris Poll,² 81% of consumers said they “always,” “often” or “sometimes” notice when a product appears in new or different packaging. An additional 39% said they “sometimes” notice new or different packaging.

In the same survey,² 39% of consumers said they “always,” “often” or “sometimes” buy a product specifically because of new or different packaging.

In addition, 81% of consumers admitted to “always,” “often” or “sometimes” buying products they weren’t planning to purchase. Impulse buyers are more likely than people who never/rarely make impulse purchases to place higher importance on:

- Resealability
- Extending product life
- Ability to see the product



Enhancing Brand Value

Industry Perspectives⁴

According to FPA members interviewed by Gibbs-rbb:

- Millennials grew up on flexible packaging.
- Flexible packaging gives brands the opportunity to highlight the quality of the product inside.
- It is critical that packaging appeal to consumers' desires for products of premium quality, freshness and authenticity.
- Enhanced graphics and limitless shapes and sizes of flexible packaging are an opportunity for challenger brands looking for product differentiation.

FPA members say:⁴

Established brands can **breathe new life into their product line** through re-packaging.

Brand owners **must think about packaging's impact on retail purchase decisions** the same way they think about advertising and promotion campaigns.



COMMANDING A PREMIUM PRICE

Commanding a Premium Price

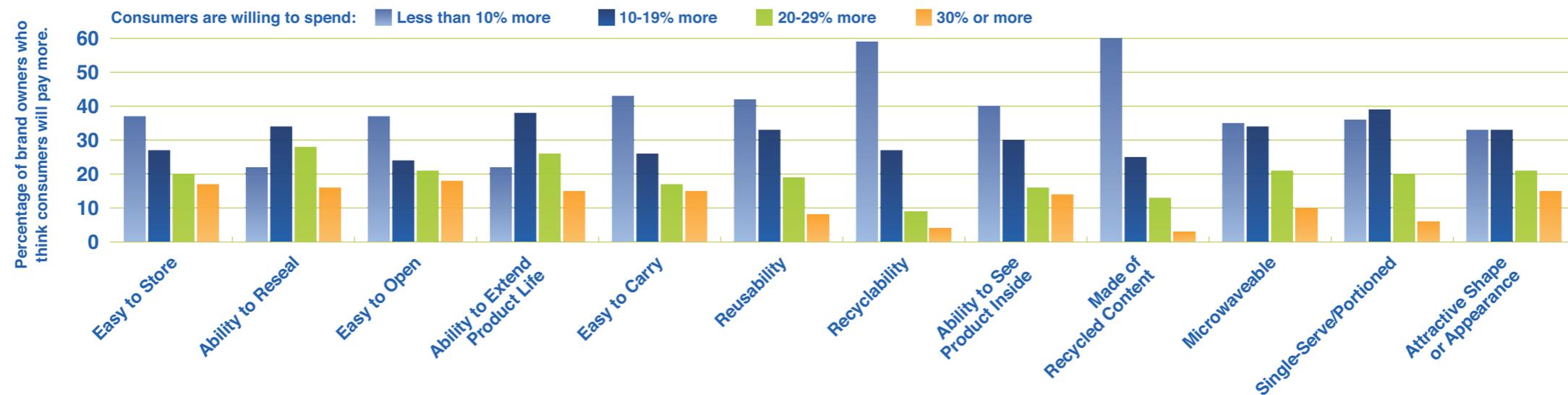
Premium quality products, often coupled with desired packaging options, generally command a premium price at retail.

The *Packaging World* survey¹ asked brand owners how much of a premium they thought consumers were willing to pay for certain packaging attributes. Brand owners thought functional attributes – ability to reseal, ability to extend product life – would be considered by consumers to be most valuable. Over 40% of brand owners predicted the two attributes would fetch at least a 20% premium each.

Brand owners thought consumers would place the highest price premium on attributes such as **“ability to reseal”** and **“ability to extend product life.”**

*How much of a premium do you think consumers would pay for **food products** packaged with the following features?**

Packaging World survey of brand owners. *Some percentages do not add to 100% for each attribute due to rounding and N variation.



Commanding a Premium Price

Consumers said in the FPA survey conducted by Harris Poll,² they would be willing to pay the highest premiums for tangible functional benefits such as “ability to reseal,” “ability to extend product life,” “easy to store” and “easy to open.”

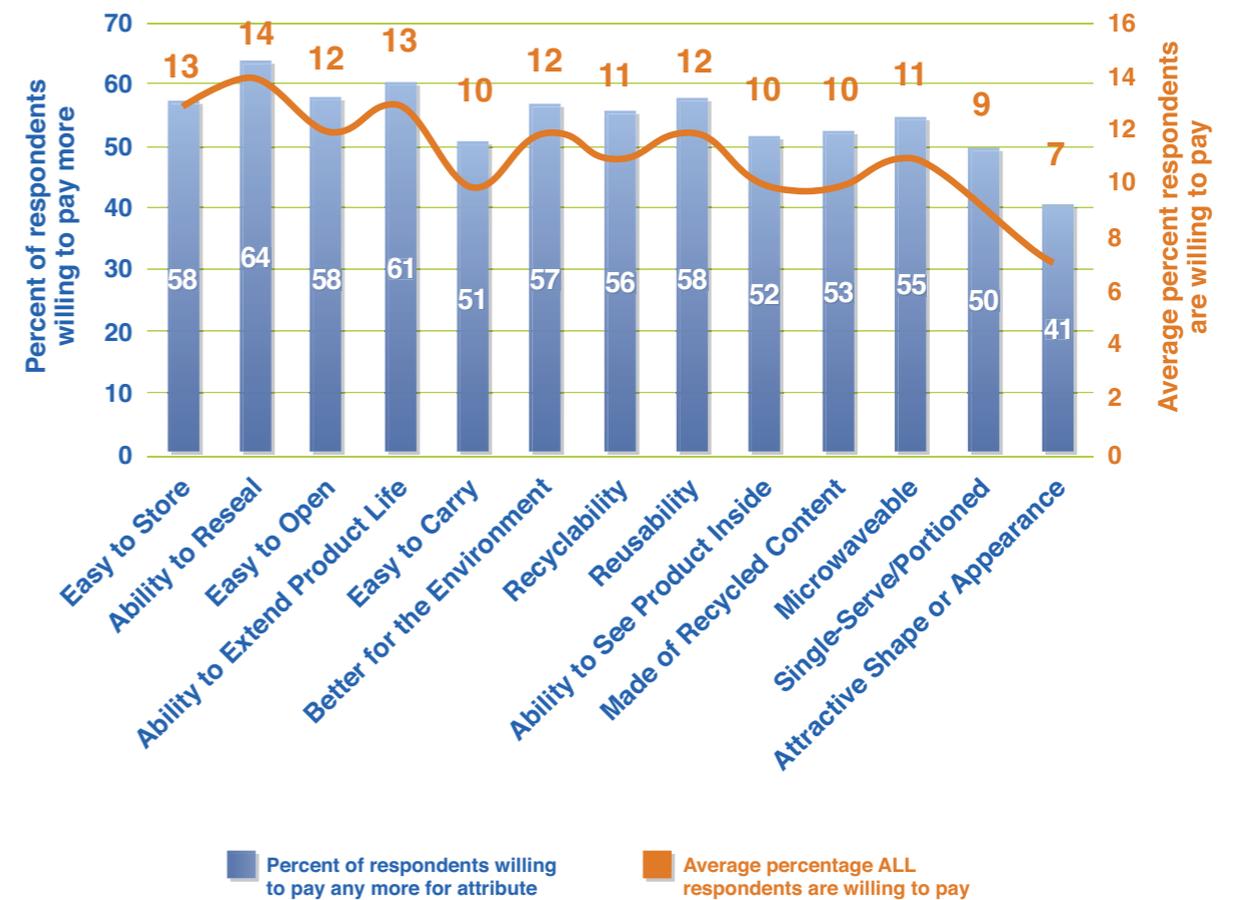
These specific attributes were each stated to be worth a premium price by over half of respondents. The average price premium consumers said they were willing to pay was as high as 14% for the top attribute, ability to reseal (this percentage includes respondents who said they would pay 0% more).



70% of parents with children under 18 in their households are willing to spend more for products that are easy to store.²

*What percentage more, if any, would you be willing to pay for food products with each of the following types of **packaging features** than you would for food products that did not have these packaging features?*

FPA survey conducted by Harris Poll



Commanding a Premium Price

Industry Perspectives⁴

According to FPA members interviewed by Gibbs-rbb:

- Packaging features enhance premium price.
- The first-mover in a given category can boost demand for the product.
- Packaging that delivers better freshness and convenience for the category produces big results.
 - Fresh food kits for ready-to-make meals.
 - Rotisserie chicken or other prepared foods in grab-and-go containers.
 - Fresh snacks like olives, apple slices and sugar snap peas in re-sealable packages.
 - Cookies packaged three to a pouch in the milk and deli departments.
 - On-the-go yogurt drinks, non-dairy or organic smoothies for briefcase or gym bag.

FPA members say:⁴

Flexible packaging gives consumers what they desire: **health, wellness and convenience**. Delivering on these enhances brand perception and the ability to charge premium price points for premium products.

Does packaging help sell more product?
It's really more about **supporting your premium price point**.



SATISFYING THE DEMANDING CONSUMER OF THE FUTURE

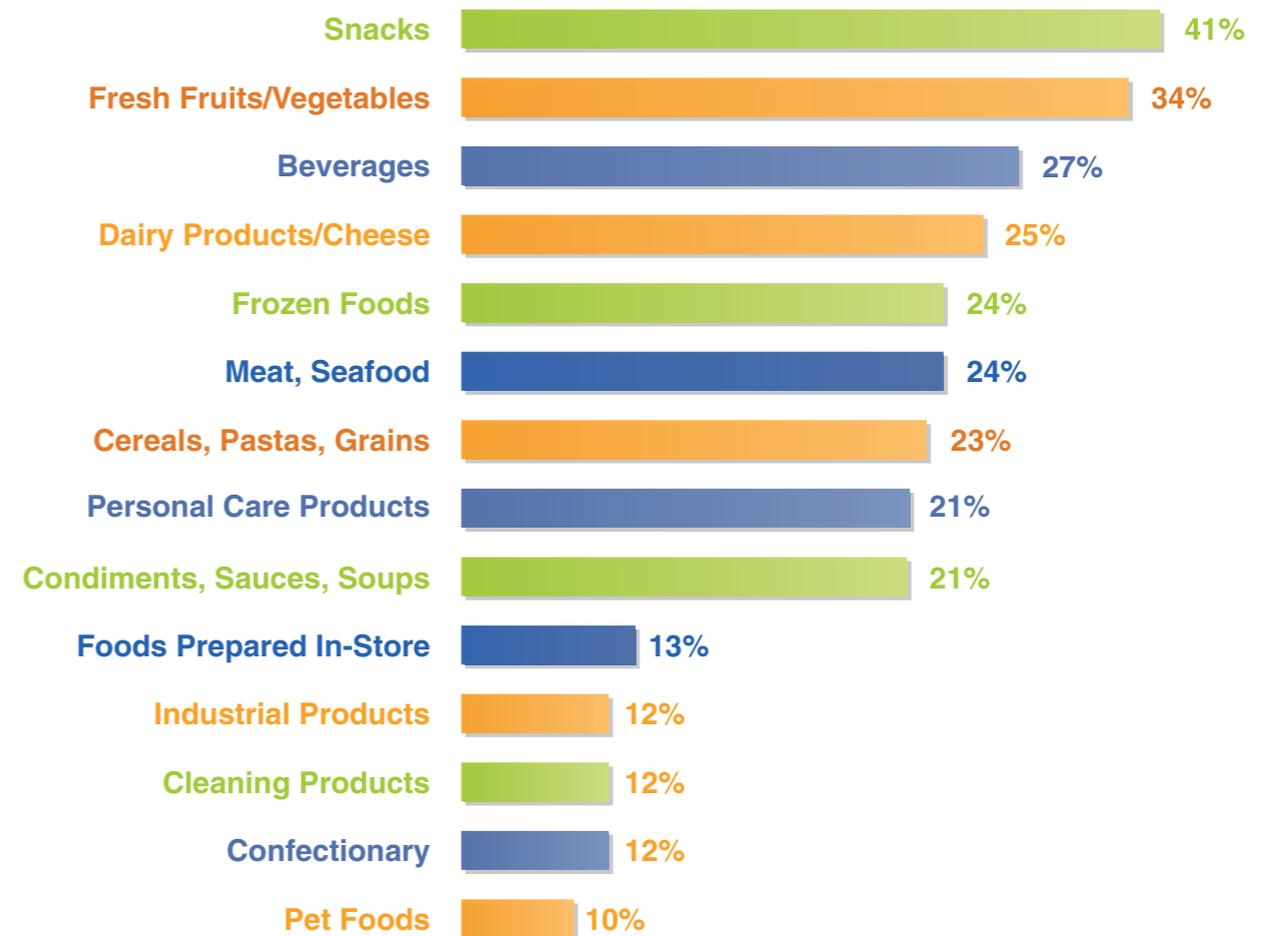
Satisfying the Demanding Consumer of the Future

In the *Packaging World* survey¹ of brand owners, 97% of respondents who currently use flexible packaging indicated they planned to use the same amount or more in the next five years.

Sales growth is expected across a range of product categories. Said one FPA member: “The future of flexible packaging is very exciting. We are not limited by a given mold, a certain shape or even a specific use. We will continue to see growth.”⁴

Which **three categories** are likely to see **greatest sales growth** stemming from advances in flexible packaging?

Packaging World survey of brand owners (respondents could choose up to three answer choices)



Interesting Fact:¹

- Though the majority of brand owners say they will use more flexible packaging in the future, brand owners in the food industry are more likely than brand owners in the non-food industry to say they will use more flexible packaging in the next five years.

Satisfying the Demanding Consumer of the Future

Sustainability

Packaging innovations must be consistent with broader corporate sustainability goals including general waste reduction and transportation efficiency – among others.

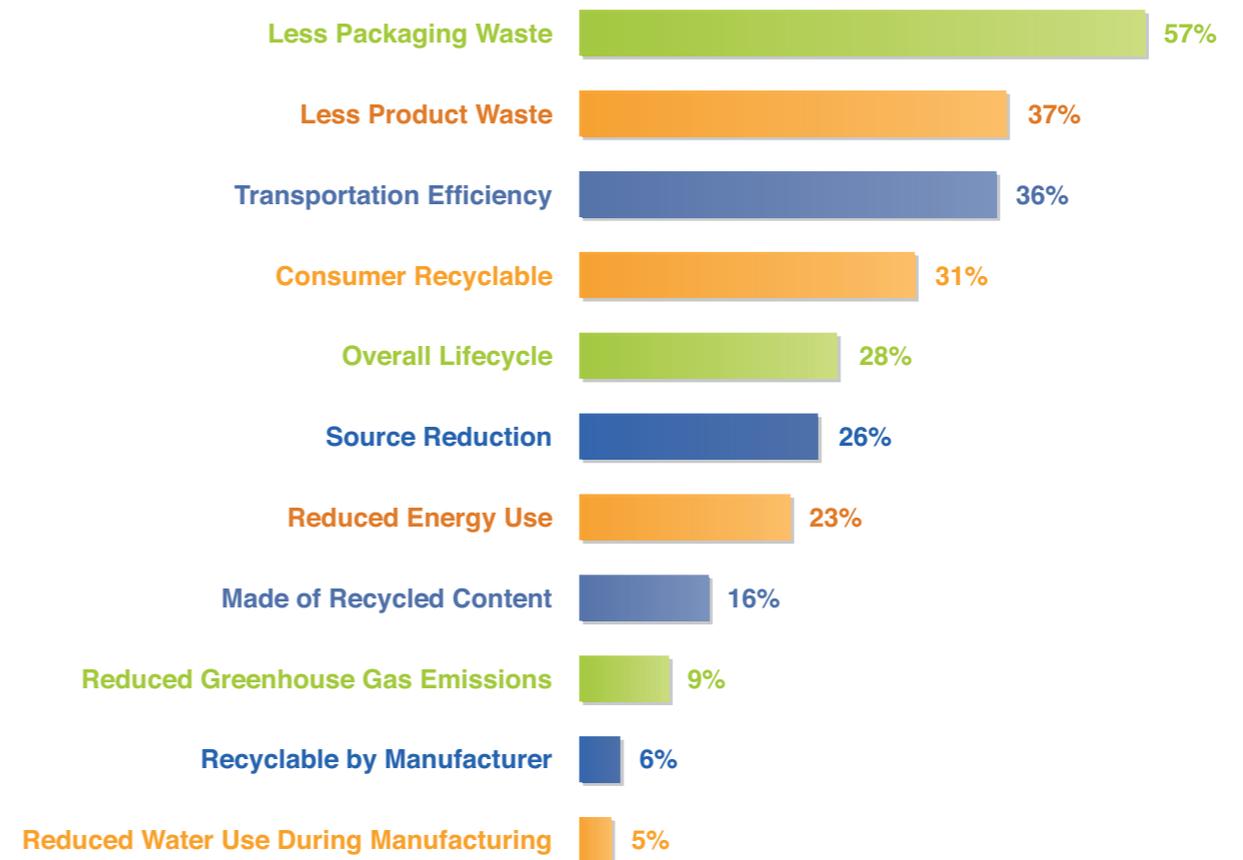
Brand owners want to highlight innovative packaging features and attributes, while also having the ability to say their packaging is sustainable.

Flexible packaging does both since it is material-, energy- and transportation-efficient.



Which **three** of the following [packaging-related] factors are **most important to your company's sustainability goals**?

Packaging World survey of brand owners (respondents could choose up to three answer choices)



Satisfying the Demanding Consumer of the Future

An open-ended question in the *Packaging World* survey,¹ “what innovation would you most like to see in flexible packaging,” elicited responses including frequent mentions of recyclability factors. However, a similar question, “what are the greatest barriers to your use of flexible packaging,” generated far fewer responses on recycling. It seems, while recycling is not currently a hindrance to adoption, the industry’s continuing efforts to make flexible packaging materials and designs more easily recyclable by consumers could pay dividends in the future.

In the FPA survey conducted by Harris Poll,² younger consumers tended to place higher importance (and value) across a range of packaging attributes than did older consumers.

One particular disparity in age groups is seen within the environmental implications of their packaging purchase decisions.

However, many participants² seemed to recognize that flexible packaging was holistically “better for the environment” than other packaging types.



Satisfying the Demanding Consumer of the Future



Health, Wellness, Convenience

Today's consumer has replaced the marathon grocery run with a daily dash, where speed trumps endurance. Flexible packaging provides this consumer what they want: health, wellness and convenience.⁴

In supermarkets, many consumers are paying a premium for fresh food kits, such as all-in-one multi-pocketed pouches that make dinner quick and stress-free. Deli and fresh-serve foods like rotisserie chicken are becoming more appealing as they become more mobile, making a shift from rigid domed containers to flexible pouches with handles that stay cool and make it easy to grab-and-go. On-the-go yogurt drinks, non-dairy smoothies and organics are also in an explosive growth phase.

Consumers are also circling the supermarket perimeter for fresh, healthy snacks in convenient, resealable packages, favoring olives or apple slices over typical big box crackers and family-size chip bags. Single serve packages flourish in center aisles as time-stressed consumers demonstrate a willingness to pay more for pre-packaged portion control.

Satisfying the Demanding Consumer of the Future

Industry Perspectives⁴

According to FPA members interviewed by Gibbs-rbb:

- Flexible packaging allows more choices catering to personal preferences. For example, pouches take up less space on shelves to allow more flavors/options per brand.
- For retailers, flexible packaging accommodates the need for smaller footprints and caters to urban shoppers with limited storage space.
- Flexible packaging can include a window to showcase the product as well as upgraded visuals and print quality.
- Stronger films and laminates create durability along with more functional handles and spouts.
- Enhanced barriers in flexible packaging materials extend shelf life and reduce waste.

FPA members say:⁴

Creating a window to **showcase the product and upgrading print quality for visuals and colors that pop** is heavily impacting the market.

Flexible packaging takes up **less retail shelf space**, so brands can launch new products in multiple flavors instead of one or two.

Methodology and Information Sources

¹ *Packaging World* Survey of brand owners, Summer 2015.

The Flexible Packaging Association commissioned *Packaging World* to conduct a cross-industry survey in Summer 2015. More than 300 packaging professionals were surveyed for the analysis, representing food and beverage, consumer product, industrial, and other industries. Those surveyed represent package developers, procurement executives, brand managers, package designers, and production/operations/quality representatives.

To gather responses for this survey, three email invitations were sent to targeted members of *Packaging World's* subscriber list in August and September of 2015.

Respondents who identified themselves as machinery or materials suppliers, instead of end users, were filtered out of the results. This resulted in a net total of 304 end user readers who use packaging (flexible or other) who completed the survey, out of 430 total responses.

² FPA Survey conducted by Harris Poll, September 9-11, 2015.

The consumer survey was conducted online within the United States between September 9-11, 2015 among 2,120 adults ages 18 and older by Harris Poll on behalf of Flexible Packaging Association via its Quick Query omnibus product. Figures for age, sex, race/ethnicity, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was used to adjust for respondents' propensity to be online.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, the words "margin of error" are avoided as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in our surveys. The data have been weighted to reflect the composition of the adult population in the United States. Because the sample is based on those who agreed to participate in the online panel, no estimates of theoretical sampling error can be calculated.

Methodology and Information Sources

³ Consumer Insights and Perceptions of Flexible Packaging, FPA and PTIS, 2013.

This study delivering qualitative research on consumer perceptions of flexible packaging was prepared for the Flexible Packaging Association by PTIS, a Division of Havi Global Solutions Direct, LLC.

⁴ FPA Member Telephone Interviews, May – July 2015.

Gibbs-rbb Strategic Communications conducted one-on-one phone interviews with 12 members of the Flexible Packaging Association from May 20 to July 31, 2015. The interviews explored members' perspectives and attitudes about flexible packaging, in addition to perceived opportunities and challenges in the market.

⁵ State of the U.S. Flexible Packaging Industry Report 2015.

⁶ Battelle Institute Sustainability Analysis, 2009.

⁷ Forget Dinner. It's always snack time in America, *The Wall Street Journal*, July 2, 2014.





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