BILLERUDKORSNÄS

BillerudKorsnäs Consumer Panel 2017

Views on Packaging Sustainability from around the globe

SEPTEMBER, 2017

BillerudKorsnäs Consumer Panel 2017

Introducing the BillerudKorsnäs Consumer Panel on Packaging Sustainability

In the coming decades, increasing urbanisation – with megacities becoming the power hubs of societies, with large portions of the population concentrated on a small portion of the earth's surface – will pose unique social, economic and environmental challenges. Creating the conditions for a more sustainable future, with these challenges in mind, is a top priority for countries, municipalities, NGO's, corporations and citizens around the world, and at the core of BillerudKorsnäs' mission: *to challenge conventional packaging for a sustainable future*.

Sustainability initiatives and processes are in action everywhere, to cope with the fact that we consume more than the Earth can produce each year. For these initiatives to be successful, every stakeholder, from global organisations to individuals, have a role to play. We believe an important part of our role is to empower brand owners and municipalities to collaborate and take initiative within the area of *packaging sustainability*.

We are excited to introduce the premiere of our global study on *packaging sustainability*, conducted with a Consumer Panel based in megacities around the world. We hope that this study, and the index it introduces, will be valuable input in discussions regarding the future of packaging, recycling and sustainable development among cities and communities, brand owners and the packaging sector, and a way to track attitudes on this topic over time.

Packaging Sustainability Index: Net Positive Attitude index scoring

The index used in this report is NPA, Net Positive Attitude. The NPA is calculated as the share of consumers answering with the two most positive alternatives out of six, detracted with the share of consumers with the two most negative alternatives.

About the survey – the Packaging Sustainability Index

This survey is the first in an on-going initiative to measure people's views on *packaging sustainability*. We call it packaging sustainability because we want to highlight the holistic view of what packaging, rightly used, can contribute with in solving the environmental, societal and economic challenges that lie ahead. The survey involves questions around how packaging can help consumers make the most sensible choice, both in what they consume, but also on how to use products and minimise impact. It addresses challenges around littering, climate change and product waste. The questions are indicators of people's understanding of the topic, whether they believe packaging can impact sustainability in general and their commitment to change.

As with all composite indices, this one cannot grasp the totality of *packaging sustainability* or its status among consumers, but it gives us an indication of the basic dimensions of it: the starting points, potential focus areas and opportunities, key differences among cities and, through follow-up, the development over time within this important area of sustainable development.

BillerudKorsnäs and Packaging Sustainability

We at BillerudKorsnäs believe that packaging has an important role to play in a sustainable future. How we produce, measure, transport, consume and recycle or dispose of goods and services are important factors that can influence our sustainability efforts negatively or positively, and our aim is to have a positive impact on *packaging sustainability*. To achieve this, it is necessary to have an outside-in perspective, and to understand the attitudes and behaviour of consumers around the globe. The BillerudKorsnäs Consumer Panel gives us insight into consumers views, and allows us to follow developments over time. It is conducted in 16 megacities around the world. In each city, our panel consists of more than 200 consumers, representing a statistical average based on age and gender.

The BillerudKorsnäs Consumer Panel

16 megacities from west to east. Consumers that represent each city according to gender, age and education.

Los Angeles
Mexico City
New York
London
Paris
Lagos
Berlin
Stockholm
Cairo
Karachi
Mumbai
Delhi
Jakarta
Shanghai
Manila
Tokyo

Key insights from the BillerudKorsnäs Consumer Panel

We know that joint efforts, where every stakeholder participates, are the most powerful in the quest for a sustainable future. So, what are the views of citizens of megacities, on packaging sustainability, the role they themselves can play and the roles of cities and brand owners? Key takeaways from the survey are:

Consumers are ready for action

The study shows that consumers view their own role and participation in creating a sustainable future as crucial. There is a willingness on the part of consumers to change their behaviour regarding consumption, food waste and recycling, providing great opportunities and showing awareness of the need for change.

Empowering consumers pays off

Changing behaviour starts with awareness and willingness, but we all need a little help to get going. Consumers are open to and asking for the support of municipalities and brand owners in finding new, innovative ways to strive for *packaging sustainability*. Those who are helpful in this regard will be rewarded with favourable opinions, increased preference and even a price premium for sustainable packaging solutions.

Asia is ripe for change – an opportunity for impact

Of the regions in the study, Asia shows the strongest desire for change and a strong belief in packaging. There is an overall opinion that current systems and solutions for recycling and managing food waste are lacking, combined with a willingness to contribute to change and a strong belief in packaging. This makes Asia a region that provides an opportunity for significant impact within a short time-frame, given the right support from brand owners and municipalities. As a result – an opportunity to create a lot of ambassadors for *packaging sustainability*!

Dreams of better packaging

An important factor in understanding the consumers' views on packaging and sustainability is understanding what their expectations and frankly, dream results are of packaging development in the future. What do they ask from packaging: what role should it play, what jobs should it do, or not do? The answers give us a foundation for what cities and brand owners can do to have a positive impact on consumers lives, and on sustainable development, by supporting consumers through packaging development, simplifying recycling and helping reduce food waste.

Interestingly, the responses to *"What are your dream results from packaging development?"* show a high degree of consistency across regions. The top results, which were the same everywhere, were:

1. **Make it fun and easy to recycle**
2. **Prolong the freshness of my products (improve food safety and reduce food waste)**

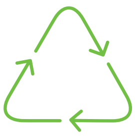
The following two placements differed slightly between regions of the world:

North America and Mexico, Europe, Asia and Tokyo:
A beneficial second (and third) use of packaging, and no packaging to handle post consumption.

Africa
Assure me that the product isn't fake, and assure me that the packaging or content is not tampered with.

Recurring themes (also in Africa where security aspects of packaging were prioritised) are: making packaging easily recyclable – either as waste, by providing a secondary function, or making it disappear after consumption of the content – as well as reducing food waste.

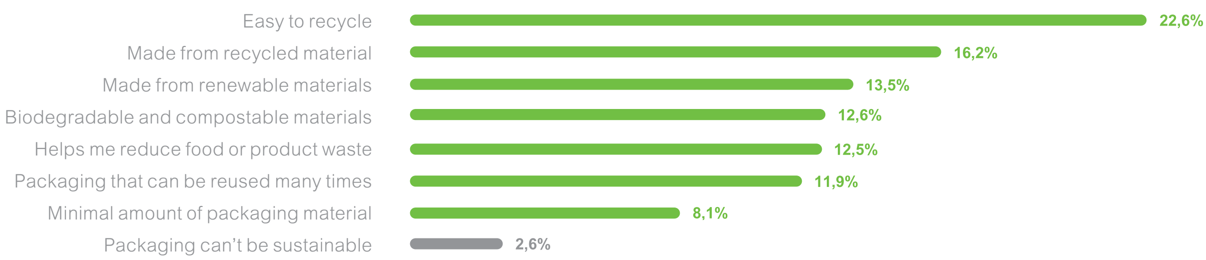
The panel also gave input on the many global challenges that packaging can contribute to solving in the future. Globally, the highest ranked tasks that packaging can do better are:



1. **Reduce food waste (Industry waste placed as No 1, Consumer waste as No 4)**
2. **Increase recycling levels**
3. **Reduce plastic littering in the oceans**

The answers show that consumers are open to innovative and improved packaging that is focused on supporting sustainability. Overall, consumers indicate that getting help, be it through information, design, material or function, to recycle and reduce food waste, is the most important aspect of packaging development.

What is Packaging Sustainability to me?



Packaging sustainability - the survey results

Views on packaging sustainability

Packaging can be viewed in different ways: as a general hassle, as an environmental concern or as a necessary tool and an opportunity to tackle sustainability issues. We asked consumers for their views on ***packaging sustainability***.

With an average of 54,1 NPA, ***packaging sustainability*** is valued high by our panel representing megacities around the globe. The most notable outcomes can be found in Asia, with Manila, Mumbai and Delhi leading in the index values between 68,2 to 68,5 NPA. These high scores indicate that most consumers have a positive attitude towards packaging as a potential problem-solver.

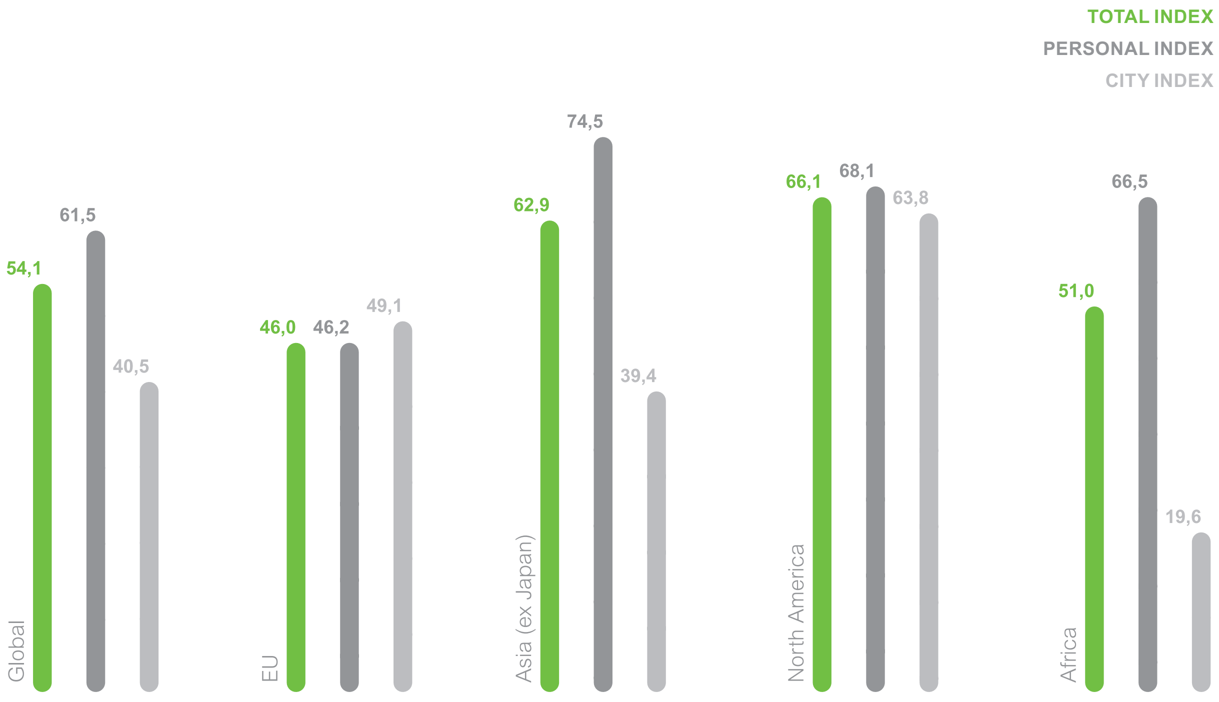
All cities score higher than 40 NPA apart from Tokyo which has a score of only 19,6 NPA. Throughout the survey, Tokyo differs from the other Asian megacities with lower scores, showing that consumers in Tokyo don't believe that improved packaging can make a difference in improving sustainability, to the same extent as other Asian cities.

A personal perspective

The index can be broken down into a Personal Index, focusing on questions about the individual's personal understanding, the role of packaging in their everyday life and how much they want to contribute to a sustainable future with support from better packaging. The breakdown shows some differences around the globe. In most Asian megacities, we see high positive index scores up around 80 NPA, with Manila, Mumbai and Delhi having the highest scores. On the lower end of the index we find mostly European megacities: London, Berlin and Paris. Tokyo is by far the lowest with a score of 14,9 NPA. This is the only megacity where the personal attitude is well below the Total Index.

The role of cities

The City Index focuses on issues of recycling, littering, waste management, support for sustainable behaviour and education. In the Asian cities where the total and personal



indices were high, the much lower City Index scores show that consumers expectations on cities are not being met. In Europe, the opposite trend can be seen – the City Index is higher than the Personal Index, implying that consumers feel the cities are doing well, but that there is still a lot to be done on the individual front, and by brand owners. North America scores evenly on the personal and city levels, meaning that Americans have a positive personal attitude towards *packaging sustainability* and their own contribution, while the cities manage recycling and packaging information in a manner that lives up to the requirements of citizens.

Five cities have a significantly lower rating than the others on the City Index: Tokyo, Cairo, Mexico City, Lagos and Karachi. The four latter ones are growing in population at a very high speed, while also starting from a lower level of infrastructure than many other cities. Tokyo however stands out again, indicating that its citizens expect more from their city than it delivers.

Recycling is clearly the main differentiator between cities. The panelists response to how packaging recycling is managed in their city varies the most of all factors – from a top score of 46,6 NPA in London to the lowest in Mexico City at -14,6 NPA.

Brand owners – opportunity to make a difference

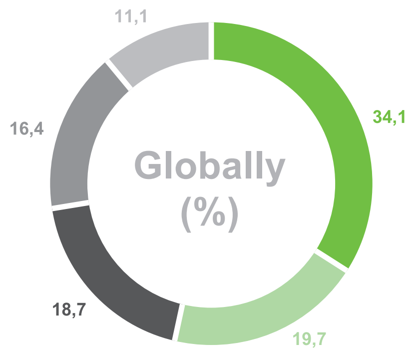
Brand owners play an important role in sustainable packaging, having direct impact on the design, amounts and development of packaging. Consumers all over the world believe that brand owners that really care about sustainable cities have the potential to make a difference through packaging. Even though the levels are high everywhere, the trend of Asia as an ambassador is true in this as well. In Mumbai, Delhi, Jakarta, Manila and Shanghai, the NPA is over 80 when it comes to the opportunities for brand owners to have a positive impact.

When presented with the question if they would be willing to pay more for a similar product if packaged in a way that provides substantial sustainability benefits, 72% of all respondents indicated that they would. In most Asian cities, consumers also indicate that they may switch brands if one clearly provides a more sustainable option, with a high score of 70 NPA, compared to 37 NPA in Europe.

Globally, the belief that well designed and manufactured packaging can help reduce littering is high at 67,8 NPA. When asked if smart packaging could mitigate climate change, the global score is also high, with the highest found in Jakarta, Manila and Mexico City.

The future of Packaging Sustainability

Packaging can enable solutions for creating quick impact on environmental challenges. The panel gave interesting results regarding the success factors for creating such impact. The highest-ranking factor is to establish a change in consumer behaviour (34,1% of all consumers). This means consumers feel they themselves, and a change in how they act in relation to packaging, is what has most potential impact. The lowest ranking factor is legislation, indicating that consumers believe a change in their own behaviour as well as brand owners' actions can have a higher impact than legislative efforts. There is also an interesting difference in age on the second level: younger people place technology development as the second option, while people above 50 years believe material development has a higher potential for impact.



- Consumer behaviour development to change our behaviour towards always acting sustainable
- Material development towards more sustainable materials
- Technology development to manage material systems more automatic and efficient
- Business model development to increase the rewards for selecting sustainable choices
- Legislation development to make taxes and bans more directing for sustainable only solutions

This report on the *BillerudKorsnäs Consumer Panel and Packaging Sustainability Index* is the first in a recurring series of surveys to further explore the panel's views on *packaging sustainability*, globally and locally. Our purpose is to educate ourselves and our business partners as well as cities and other stakeholders, in the challenges and opportunities, and to initiate, promote and support action within packaging sustainability. We believe in collaboration and mutual development, and we will always strive to achieve this based on facts and expertise.

We are pleased that many panel participants across the included cities, chose to give us some feedback on the importance of *packaging sustainability* and the study itself. This feedback further highlights the importance consumers place on the issue and their engagement.

"I appreciate this survey and hope it makes an impact towards our necessary sustainable future"

"You should do more of these surveys and publicity regarding the subject"

If you are interested in knowing more about what drives the development within *packaging sustainability*, our report *"Challenging conventional packaging. Trends that shape Future Business Perspectives"* introduces six perspectives on sustainable business development, based on the megatrends that shape our near future. All the future business perspectives are substantiated by the findings in the Consumer Panel, most notably the more consumer driven perspectives:

Problem-solving for megacities
Recycling and food waste in focus

Enable Helpful brands to succeed
Packaging enables quick impact

Make it user-oriented for real
Change behaviour through packaging

If you are interested in the report and other trends within packaging sustainability, please visit: *www.billerudkorsnas.com/about-us/global-trends*

What is presented here are our key takeaways and findings from the Consumer Panel. There are many more interesting and valuable insights and results, both on individual topics and specifically for the different cities and regions. We invite you to contact us to further take part of and discuss these results and how they can be used in the pursuit of packaging sustainability! Also, we invite you to join our journey in following up with further studies and deepening insights in the coming years.

Jon Haag
Director Consumer Insights
jon.haag@billerudkorsnas.com
+46 70 207 25 57
www.billerudkorsnas.com

Maija Bigestans
Market Intelligence Manager
maija.bigestans@billerudkorsnas.com
+46 72 509 42 14
www.billerudkorsnas.com