Unlock the power of your packaging data

Sun Strategy
Bright Packaging Futures

Introduction

In business we appreciate the power of data from a financial and efficiency perspective but we are surrounded by data in many forms, almost to the point we don't even see it as data – we take it for granted. How many of us rely on mobile maps when driving, or wear health monitors such as an apple watch or Fitbit? Never mind online shopping, urban planning and energy consumption ratings?

So what is data?

If we take the dictionary definition it is:

> # Data (noun):
>
> Facts or information, especially when examined and used to find out things or to make decisions.
>
> source: www.oxfordlearningsdictionaries.com/

Modern living embraces data and use it to inform our decisions in many areas of everyday life. This has never been more important than it is now. As the American Statistician W. Edwards Deming once said, **"In God we trust, all others must bring data."**

> " In God we trust, all others must bring data "
>
> W. Edwards Deming

Current situation - Covid 19

As we collectively face the challenges of Covid 19 both on a personal and business level we are demanding real data; **data that can give us hope and security as well as allow us to plan, control, reactivate and enable us to be flexible in the days, weeks and months ahead.**

It is no surprise that there's been a huge growth in on-line grocery activity, 74% growth in average compared to same period last year (March 2019)[1], and 88% of consumers pre-researching their buys online before making any purchase online or in-store[2].

However, as lockdown continues and with businesses struggling to stay afloat, more people face redundancy and very difficult challenges ahead. **Over half of consumers in both the UK and US believe this disruption (Covid 19) will spark a new global recession[3],** and the effects could be more widespread than just buyer behaviour.

Global events historically shake up consumer trends and create a "new normal". For example, the 2008 financial crisis and resulting recession caused a fundamental shift in consumer behaviour, moving from unrestricted spending to bargain-hunting, multi-buy deals and a shift from traditional 'big 4' retailers to discounters such as Aldi and Lidl.

Notably, even after the fallout from the recession subsided and the economy was back to standard buoyancy, consumer trends remained, with discounters still rapidly gaining market share over more traditional competitors, changing the UK grocery landscape permanently.

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[1] ACI Worldwide
[2] mp_research
[3] GlobalWebIndex

Over 50% of consumers believe Covid 19 will start a global recession

UK Supermarket Market Share
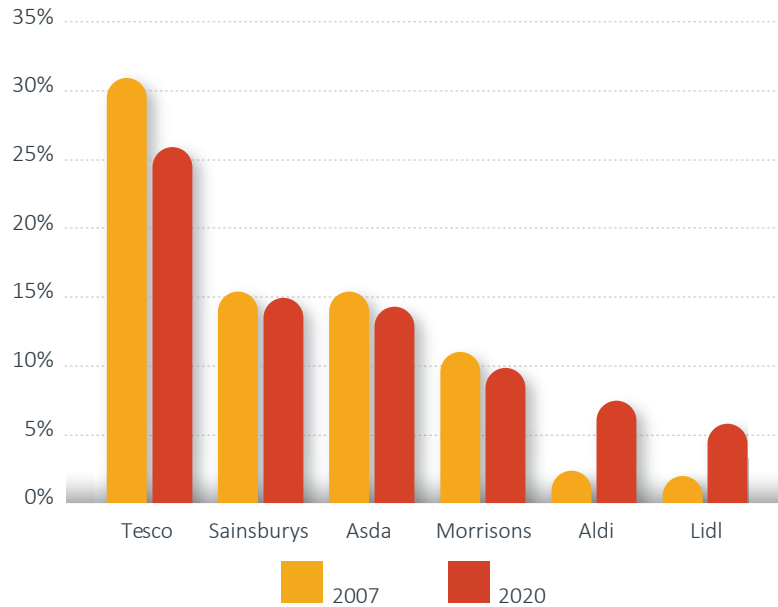
Source data: Kantar World Panel

The above graph clearly demonstrates how the 'big 4' have lost market share to the discounters. Aldi and Lidl enjoyed a combined market share of 13.9% in April 2020 compared to 4.8% in 2007 (before the 2008 recession), that is a significant 190% increase.

If price over stigma of budget retailers was the legacy of the 2008 recessions, what will be the lasting impact of the Covid-19 pandemic? **One thing is certain, change is certainly in our future and that future will be fuelled by data.**

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Data drives purchase

As consumer trends are shifting from bricks and mortar stores to online channels, we demand even more data. As consumers, we don't just want data on ingredients, provenance, specifications or features we also want reviews, recommendation and personalised product classifications. When we shop online we don't always have the luxury of shopping with friends or family and having their input into a purchase, 36% of us read reviews prior to making a purchase[4]. Reviews and recommendations are even more important, we use them to validate our choices.

We are also much more prepared, with 33% attempting to price match the product online and 39% of digital consumers visiting a brand's website[5]. We want the knowledge and reassurance prior to purchase. However data can be confusing, although we are cost-conscious and increasingly better informed, **there is an inherent need for clear, defined data to simplify what may otherwise be perceived as over-complex, technical data.**

A key part of the consumer decision-making process is also the evaluation/elimination of alternatives, so facilitating comparison across products is also vital. To do this successfully, clear and concise metrics are required. This not only benefits consumers but also brands as their product is more likely to be selected depending on the data available and how it is presented.

A good example of clear comparison would be energy efficiency labelling, which has taken a complex and technical subject and made this consumer friendly. The Energy Labelling directive has harmonised key features and clearly quantified different product parameters in a way that consumers understand across different products, allowing transparency, ease of comparison and ease of decision-making.

There is a need for clear, defined data

# Businesses must harness the power of data to drive sales

The desire to compare and validate is driven by available data with **91% of consumers regularly or occasionally reading online reviews** and 68% make a decision after reading between 1 and 6 reviews[6] . Furthermore, 32% of consumers will find a brand on Amazon before purchasing from any channel[7].

In the age of the internet and with consumers searching for more information than ever before prior to committing to purchase, data is key. **What data is collected, how it is measured and how it is presented to consumers is paramount, and businesses must harness the power of data to drive sales.**

Electrical

Energy labellng directive was introduced in 1992, which features key information helping customers purchase decision.
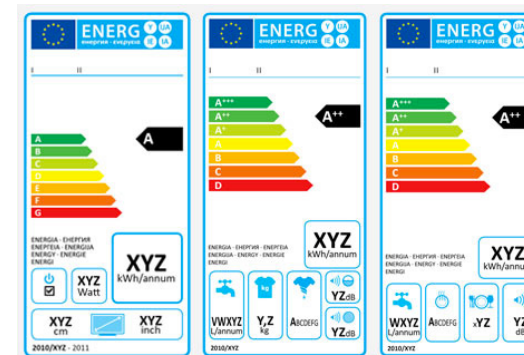
Inherently technical information, simplified and in a format consumers can understand, or at least compare to other products to inform purchasing decisions

[6] Inc.com
[7] Inc.com

Data overload

Too much data is just as much of a challenge as not enough. Consumers are faced with complex choices on a regular basis and this becomes even more complicated when faced with information such as technical feature jargon, nutritional benefits and health claims. Overwhelming or contradictory data could result in cognitive dissonance, putting customers off purchase altogether due to 'data overload' and difficult to understand or conflicting information.

With a wealth of information available to consumers and the risk of data overload, **providing clear, concise, relevant data will drive consumer purchase** and also support business objectives. How this information is collected and measured consistently is also paramount to success.

Providing clear, concise, relevant data will drive consumer purchase

> ## "
> # If You Can't Measure It, You Can't Improve It "
>
> Peter Drucker

0,30M

Data Baselining / Methodology

With increasing consumer focus on data, how do businesses define which data to collect and how to collect it?

Understanding the customer base is key; who are they, what data are they looking for and where? Equally, ensuring required data metrics are collected to measure business performance against KPIs, success factors and potential future requirements is also crucial.

A good example of requirement for baselining for customer data is the automotive industry.

Automotive

The automotive industry have been using data to help sell vehicles for many years and there are many learnings to be taken.

Quality is the most important feature for consumers, with 30% ranking this highest, followed by affordability at 21%.

Price rating by AutoTrader	No analysis	no analysis
	Low price	priced below market
	Great price	priced a little below market
	Good price	priced at market
	Fair price	priced little above market
	High price	priced above market

Good price
priced at market

The key is to create visual aids to help customers navigate complex data, dependant on platform.

92% of consumers research online before they buy, but more than 95% of purchases still happen at dealerships.
- Car buyers spend 59% of their time online researching.
- When researching online, 46% of car shoppers use multiple devices.
- Most car buyers are undecided at the start of the shopping process. When they first begin to shop, 6 out of 10 them are open to considering multiple vehicle options.
- Third-party sites are the most used sites for car shopping, used by 78% of shoppers.

(Autotrader)

Measurement criteria and selection along with a clear baseline for comparison is imperative to demonstrate key quality attributes to consumers to help guide the decision-making process. Successful manufacturers and / or brands are making these available in a clear, comparable format and on the right platforms and therefore driving sales.

In order for businesses to measure and improve upon their targets, a clear baseline must be implemented. As management theorist Peter Drucker famously claimed, **'If You Can't Measure It, You Can't Improve It'.**

Without a dataset including the correct metrics measured in the right way for their purpose, businesses lack control and direction to guide their strategic decision-making, mitigate risk and demonstrate transparency and compliance.

Compliance

If an appropriate standard has been set (baseline/methodology), compliance is making sure that standard is correct and quantified.

Without setting a baseline and method there is nothing to measure against to ensure compliance, therefore how do manufacturers / brands improve and measure success?

There are several different facets to compliance and what compliance means can vary:

- Legal / regulatory – examples include alcohol tax stamps and CE certification. These demonstrate certified compliance to a certain industry or legal requirement

- Accreditation / certification for product / brand authenticity – examples include brand holograms to confirm legitimacy, and provenance labelling such as DOCG/ AOC to authenticate provenance and as a marketing device to promote product quality

- Compliance to a brand/retailers' own parameters / KPIs / commitments vs baseline

As well as mandatory compliance to relevant regulations, voluntary compliance can also be used as a key differentiator for brands. Brands who go beyond mandatory requirements can reap rewards of increased consumer perception, industry/media perception and brand loyalty.

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An example of voluntary compliance is the traffic light nutrient system on food packaging.

Food

The traffic light food label was introduced in 2014, as part of an initiative by the government to improve public health. It was designed to give consumers an immediate idea as to whether something is ; healthy (green or low), or not (red or high) in terms of fat, sugar or salt.

Each serving (150g) contains

Energy 1046kJ 250kcal	Fat 3.0g LOW	Saturates 1.3g LOW	Sugars 34g HIGH	Salt 0.9g MED
13%	4%	7%	38%	15%

of an adult's reference intake
Typical values (as sold) per 100g: 697kJ/ 167kcal

The traffic light system (data) informs consumer decisions, even when they become a subconscious enabler. Most of the time helping us to make the right choices- health and wellness or feel guilty- indulgent high fat, salt, sugars.

The traffic lights make is easier for us to compare products, while allowing market needs to evolve as customer trend shifts towards health and wellness.

The problem with traffic light labelling at the moment is that it is not compulsory. And if companies do decide to display it there isn't tight enough regulation around how to use it or display it.

Data is only useful when consistent and regulated.

This helps consumers to make healthier choices, fitting with the current trend of health and wellness, with the first retailers to implement this system being highly regarded.

The traffic light system is still not mandatory, however it is now expected by consumers and the majority of brands and retailers do use it, with some global brands such as Coca Cola, Mars and Unilever adding similar logos to their EU packaging.

There is currently media and industry pressure lobbying government to make this a mandatory requirement on all food packaging, which demonstrates that pioneering first-movers can incite industry-wide change in habits, regulations and expectations around data and compliance.

Reporting

Reporting and the presentation of data is vitally important both internally and externally, with the inherent need to present data to the right people, in the right way, at the right level, at the right time.

We are consuming data in different ways and on different platforms, so platform choice and visual representation of data go hand in hand.

From a visual perspective, we need data to be presented in a clear and consistent way that is easy to recognise and understand as visuals are processed 60,000 times faster than text[8]. **The interpretation of that data needs to be visually represented to stimulate the audience and allow them to retain the information** by combining visuals, narrative and data that can influence and drive change.

It is that unique mix of exciting, informing and making it real that drives changes and allows the audience to visualise what success means to them. This is vital especially in B2B, as businesses are expecting more and more from their suppliers' reporting, with the need for flexibility, customisation and integration.

[8] Venngage.com
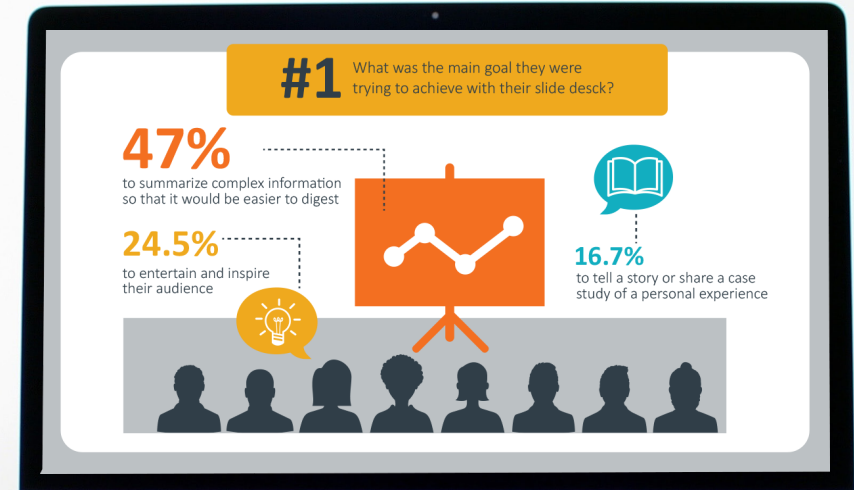
We face many challenges particularly in B2B and there appears to be a growing disparity between buyers and seller in fact 80% of frequent buyers report that they will have switched suppliers at least once within a 24-month period[9]. The study highlights several reasons for this growing frustration, including:

- Not meeting buyers' needs: To survive in the digital ecosystem, some B2B sellers have focused on digital upgrades only to find themselves disconnected from meaningful dialogue with long-time customers. Conversely, other sellers remained focused on traditional sales cycles, without making the digital investments critical to modern commerce.

- Failing to marry technology and human interaction: With so much focus on scaling up digital platforms, it appears that the high-touch, relationship-driven side of the business has taken a backseat in B2B space.

Different stakeholders require and digest different data in different ways – there is no 'one size fits all' model, and businesses must be flexible in reporting capability and presentation stimulus. **However, with the right metrics, baseline and methodology coupled with a clear and flexible reporting system, the possibilities are endless.**

The possibilities are endless...

[9] Businesswire.com

Packaging

With data so integral to consumer and corporate decision-making, what does all of this mean for packaging and sustainability?

Will the unintended yet positive environmental impact of reduced human activity on GHG emissions and hence our planet's air, water and wildlife create a ripple effect that drives environmental momentum even more?

The Packaging (Essential Requirements) Regulations were introduced in 1988 and consolidated in 2015[10] with the aim to reduce the impact that packaging has on the environment by minimising its weight and volume. It also requires packaging to be developed for reuse, recycling or recovery, but there is no required on-pack communication to consumers.

Packaging has never been in the headlights as much as recent years post The Blue Planet II. Since then we have seen anti-plastic campaigners, plastic free aisles in super markets and heightened awareness on plastic pollution. However plastic is not the enemy, in many cases plastic is the correct substrate to use but only if it is disposed of correctly. Unfortunately emotions run high and facts are forgotten. With media propaganda and well-meaning but misinformed public opinion many brands and retailers are conceding to consumer demands.

Despite the impact of Covid 19, mandatory and voluntary sustainable packaging targets are here to stay.

For far too long now the packaging industry has tried to do the right thing but without clear direction and regulation it has delivered minimal quantifiable results. This is not a result of a lesser desire but more a result of poor, inconsistent data without direction or regulation to impose compliance globally. This has to change and as increasing legislation is implemented across the globe the need for auditable data is real. This data will be required for regulatory compliance, accountability of all stakeholders and consumer facing information.

Although end-of-life packaging communication is not currently part of consumer expectations, the perfect storm of the focus on packaging at the forefront of sustainability agenda and the growing need for information and the looming deadlines of 2025 are likely to change this, and fast.

Despite the impact of Covid 19, mandatory and voluntary sustainable packaging targets are here to stay

10 www.legislation.gov.uk/uksi/2015/1640/pdfs/uksi_20151640_en.pdf

Across the globe we have seen a huge rise in proposed packaging regulations surrounding single-use plastic particularly

Global Packaging Legislation

In December 2017 the European Commission released a consultation on "reducing marine litter: action on single-use plastic and fishing gear". In January 2018 the European Union adopted the "Plastics Strategy" which outlined a number of actions for plastics, including single use plastics.

Further amendments have been made since and the text has now been published in the Official Journal of the European Union[11] . The overall transposition date for Member States is 2 years after the legislation is published in the Official Journal, however there are different implementation dates for some of the policy initiatives.

As there is much confusion over some terms, we have provided definitions to provide clarify:

> **Single Use Plastic (SUP):** a product that is made wholly or partly from plastic and that is not conceived, designed or placed on the market to accomplish, within its life span, multiple trips or rotations by being returned to a producer for refill or re-used for the same purpose for which it was conceived (taken from EU Single Use Plastic Directive)[12]

> **Recyclability: Plastics Recycling Europe and The Association of Plastic Recyclers stipulate that plastic must meet four conditions in order to be defined as recyclable. The packaging must:** be made with a plastic that is collected for recycling, has market value and/or is supported by a legislatively mandated programme; must be sorted and aggregated into defined streams for recycling processes; can be processed and reclaimed or recycled with commercial processes; and becomes a raw material that is used in the production of new products.

Across the globe we have seen a huge rise in proposed packaging regulations surrounding single-use plastic particularly. Following a recent study (see summary in Appendix 1), the most stringent regimes were identified and although many believe Europe to have the strictest requirement, in fact some states in the US have much stricter regimes. Notably California and Oregon have steep requirements currently and California is leading the way on SUP in the future with a minimum recycling rate of 75% by 2030.

[11]https://eur-lex.europa.eu/eli/dir/2019/904/oj
[12]https://eur-lex.europa.eu/eli/dir/2019/904/oj

UK Packaging Requirements

As we enter into a new packaging world, never before has there been the demand for as much information. From the plastic tax to extended producer responsibility through to voluntary schemes such as the UK Plastic pack, all of these require evidence to mitigate financial penalty or celebrate success.

UK Plastic Tax[13]
The UK Plastic Tax will take effect from April 2022

- Set initially at £200 per tonne of plastic containing less than 30% recycled content

Extended Producer Responsibility[14]
Intended to encourage environmental responsibility for products (and associated packaging) when they become waste.

- Creating take back programmes
- Creating consistent waste collections / recycling
- Designing in recyclability / reuse
- Communicating end-of-life instructions to consumers

UK Plastic Pact[15]
This is a collaborative, voluntary initiative created to promote a circular economy for plastics. It brings together businesses from across the entire plastics value chain along with UK governments and NGOs to tackle the scourge of plastic waste.

Target include:

- 100% of plastic packaging to be reusable, recyclable or compostable by 2025
- 70% of plastic packaging effectively recycled or composted by 2025
- 30% average recycled content across all plastics by 2025
- Eliminate problematic or un-necessary single-use packaging through redesign by 2025

But how will this information be captured, reported and communicated consistently?

Without clear direction this is a tough question to answer but one thing is for sure, data is going to be required and fully auditable tracking is viable and highly likely to be a requirement in the future. Businesses have a real opportunity to use data now as the key to combat noise with fact, stop "greenwashing" and show real quantified progress and transparency. **With targets fast approaching, businesses need to demonstrate compliance and this has to start with baselining data now.**

Start now!

[13] https://www.gov.uk/government/publications/introduction-of-plastic-packaging-tax/plastic-packaging-tax
[14] https://www.gov.uk/government/consultations/packaging-waste-changing-the-uk-producer-responsibility-system-for-packaging-waste
[15] http://www.wrap.org.uk/content/the-uk-plastics-pact

Future Insights

When data works, it works well, but what is the correct formula?

Organisations using consumer behaviour insights data strategically outperform peers by 85% in sales growth margins and 25% in gross margins[16]. Businesses therefore need to start (if they have not already done so) the process of baselining, measuring, analysing, reporting and managing data, to feed back into their overall strategy.

There is no clear direction of exactly what will be required by when however end-of-life packaging disposal is likely to become mandatory and environmental impact labelling is expected in the future. The only way this can be consistently communicated is through the accurate and consistent use of packaging data. Compared to the automotive, electrical and food industry, the packaging industry is lagging behind.

We all, as individuals and businesses, have a moral obligation to use resources responsibility and to communicate clearly and concisely to consumers. We need to end misinformation (greenwashing) and consumer misinterpretation. **Data needs to be used responsibly and consistently to drive change for the better.**

Parameters need to be set and controlled through regulation, not only will this drive accurate business decisions, allow comparisons to select the best packaging solutions but also enable agility to predict and react to our future.

Data needs to be used responsibly and consistently to drive change for the better

[16] https://www.mckinsey.com

...don't get left behind!

Takeaways

In this brave new (digital) world where data is the key to success, the 5 takeaways that need to be focused on are:

1. **There is nowhere to hide – customers demand data / control / choice**

2. **Take ownership of all elements – product and packaging, regulation is coming!**

3. **Data delivers control which drives efficiency**

4. **Businesses need data to survive – full traceability of all elements are required**

5. **Communication is no longer a nice to have, but a necessity**

... don't get left behind!

Gillian Garside-Wight
Sun Strategy

Appendix 1

Global Packaging Legislative Requirements (2019)

Overall Most Stringent Regime(s)

Currently, the most stringent regimes are California and Oregon

Both states require obligated companies to meet at least one of a set of criteria for rigid plastic packaging containers (RPPCs), such as a minimum recycled content.

In future, California will be the most stringent regime

In addition to their RPPC legislation, California will introduce two additional laws to restrict plastic packaging. By 2030, specified single-use plastic (SUP) products and packaging will be required to demonstrate no less than a 75% recycling rate. All plastic drinks containers must have a minimum of 75% post-consumer recycled content by the same date.

Highest Recycled Content Requirements

The UK will have the highest recycled content (RC) requirement

The UK Government is currently consulting on introducing a tax on all plastic packaging that contains less than 30% recycled content, from either pre- or post-consumer material in 2022.

California and Oregon have a minimum post-consumer RC requirement

In these states, RPPCs must contain at least 25% post-consumer RC. In California, plastic drinks bottles will be required to include a minimum of 75% by 2030.

The Netherlands has the highest voluntary RC requirement

Signatories to the Dutch Plastic Pact are pledging to achieve at least 35% RC in SUP items and packaging by 2025.

Highest Recycling Targets

California will have the highest recycling rate target

The recycling rate for certain SUP items/packaging will be gradually increased up to at least 75% by 2030.

The EU will have the next highest mandatory recycling target

All Member States will need to achieve a 55% recycling rate for all plastic by 2030. Up to 5% points may be attained via reusable sales packaging placed on the market, as an average across the past 3 years. It should be noted that some states may choose to set targets higher than this level.

The Dutch Plastic Pact has the highest voluntary recycling target

All signatories have pledged to achieve a 70% effective recycling rate by 2025.

Highest Single-Use Plastic (SUP) Requirement

In California, SUP packaging and priority products will need to demonstrate no less than a 75% recycling rate

From 2024 to 2030, the recycling rate will gradually increase up to a minimum of 75%. Obligated companies will need to be able to show that their SUP packaging and/or products achieve this as a condition of sale in the state.

The EU Single Use Plastic Directive will introduce a suite of initiatives to tackle SUP products and packaging

The initiatives include design requirements, separate collections, restrictions of use or bans, marking requirements, consumption reduction, extended producer responsibility (EPR) schemes and awareness raising. Each packaging or product may be subject to different initiatives.

Modulated Fees

The EU will have modulated producer compliance fees depending on the recyclability and/or reusability of the packaging

Whilst this is already being used in France, Germany and Italy, the amendments to the Waste Framework Directive mean that producer fees under EPR will vary in accordance with how reusable and/or recyclable the packaging is. For example, in the current bonus/malus French system, producers have a bonus for switching from a multilayer to a monolayer for PET trays.

Most Ambitious Plastic Pact

The Netherlands has the most ambitious Plastic Pact targets

By 2025, signatories aim to achieve: 100% recyclability, reusability or compostability of all plastic packaging placed on the market; 70% effective recycling rate; 20%

About Sun Strategy

We are a multi-disciplinary packaging consultancy working with global brands and Retailers. We align packaging strategies to meet your corporate goals, your values, brand equity, value chain and the key market drivers for today and tomorrow.

Our results produce powerful, measurable deliverables and a road-map for the future. Our independent positioning allows us to offer a truly unbiased approach to design, material and implementation.

Our Team
We are a team of multi-disciplined consultants who work with you transparently to advise and deliver informed improvements. We have global knowledge and experience of working with major brands and retailers and vast experience of steering future packaging strategies and delivering tangible results.
We are independent, without agenda to manufacture. Always offering the best advice, without compromise.

Our Promise
We will partner with you to create a packaging vision that meets the needs of your business, your customers and our planet.
What can we help you achieve?

e-halo - managing sustainability everyday
The unique combination of our extensive structural packaging, sustainability and regulatory consultancy knowledge with our in-house technology expertise has enabled us to develop the industry-leading structural packaging platform, **e-halo**.

Book your demo today

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