

A photograph of two men sitting together, laughing heartily. The man on the left has dark, wavy hair and is wearing a white button-down shirt. The man on the right has short, light-colored hair and is wearing a blue button-down shirt. Both are holding green cans, likely beer. The background is bright and slightly out of focus, suggesting an indoor setting with large windows.

Scaling disruptive innovation in sustainable packaging

London UK | June 2014

Prepared by Forum for the Future

madano partnership

Novelis

 **forum for
the future**
action for a sustainable world

Behind this research

Forum for the Future

Forum for the Future is an independent non-profit that works globally with business, government and others to solve complex sustainability challenges. We believe it is critical to transform the key systems we rely on to shape a brighter future and innovate for long-term success.

We have a 18-year track record of working in partnership with pioneering partners; advising and challenging organisations such as Unilever, Pepsico, Skanska, Akzo Nobel and Telefonica O2.

Novelis and evercan™

Novelis is the global leader in rolled aluminum products and aluminum recycling. It is in the process of shifting its business model from a traditional linear one to a circular (closed-loop) approach that carefully manages materials and avoids the “take, make, and dispose” model.

In 2013 Novelis introduced evercan™, the first independently certified, high-recycled-content aluminum beverage can sheet that it has committed to making available at no extra cost.

Introduction

Forum for the Future and Novelis are working together to explore how to take sustainable disruptive innovation to scale.

As part of this exploration, Novelis commissioned Forum for the Future with Madano Partnership to explore consumer and stakeholder attitudes to sustainable packaging and brand preference.

This public-facing report provides insights for brand holders drawn from desk research, focus groups, a quantitative survey and stakeholder interviews. It does not include the commercially sensitive findings that were also generated as part of the initial brief.

Methodology

In March 2014 Forum for the Future reviewed existing literature exploring consumer attitudes to corporate responses to sustainability issues, particularly around packaging and recycled content.

Forum also interviewed 12 stakeholders in the US and the UK from major retailers, NGOs, key opinion formers and materials scientists, exploring future trends impacting the packaging industry, sustainable lifestyles and the evercan™ concept.

Emerging hypotheses on consumer attitudes towards the evercan™ concept were then tested by Madano Partnership in four focus groups with consumers in the UK.

Two focus groups were conducted in London and two focus groups in Birmingham. The groups were split by age and gender, and participants had been pre-screened to determine that they have moderate attitudes to recycling and consume at least 4 cans of beverages per week.

Madano Partnership, with Research Now, then conducted an online survey of drinks can purchasers in the United States, United Kingdom and Poland during March 2014.

A total of 3031 respondents completed the survey, with 1011 responses from the UK, 1011 from the US and 1009 from Poland.

KEY RESEARCH FINDINGS

Sustainable packaging generates value by:

Driving **brand preference**

People want to buy products and services with a positive environmental and social impact, with sustainable packaging featuring among their top concerns.

Supporting **brand protection**

Waste features as one of the top concerns for companies to tackle, and consumers are prepared to boycott brands that they consider to be acting irresponsibly.

Providing an opportunity for **leadership**

People look to brands to help solve environmental challenges, and companies have set themselves challenging sustainability targets.

Supporting **brand resilience in the future**

Higher consumer awareness, expectations of brands' environmental and social impacts, and new industry standards, mean that brands need to act today on sustainability issues to be resilient in the long term.

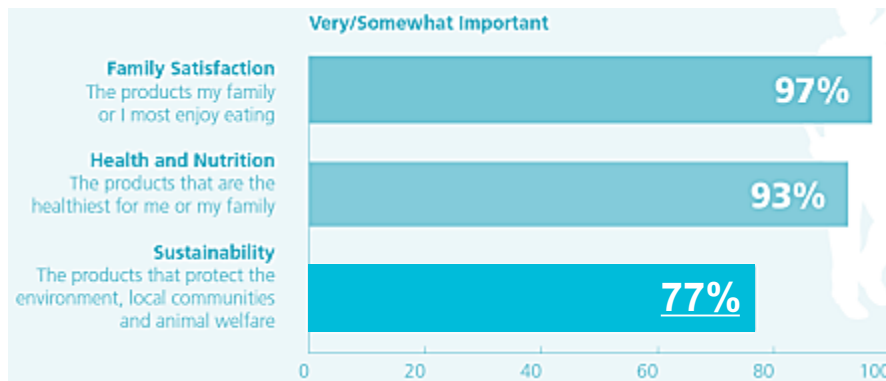
How sustainable packaging can drive brand preference

- Sustainability does influence consumer choice at the grocery store and people want to get involved in corporate sustainability efforts.
- People react positively towards companies that use sustainable packaging and would consider switching to a comparable brand that offered a more sustainable option. They want companies to address sustainability through the materials they use and the products they offer.
- The desire for sustainable products is set to increase. Major brands think that future consumers will be highly interested in sustainable lifestyles, and that this will drive business growth.
- However, consumers are bombarded with environmental messages, so brands must convey both information about the issues as well as the expected individual and collective impact.

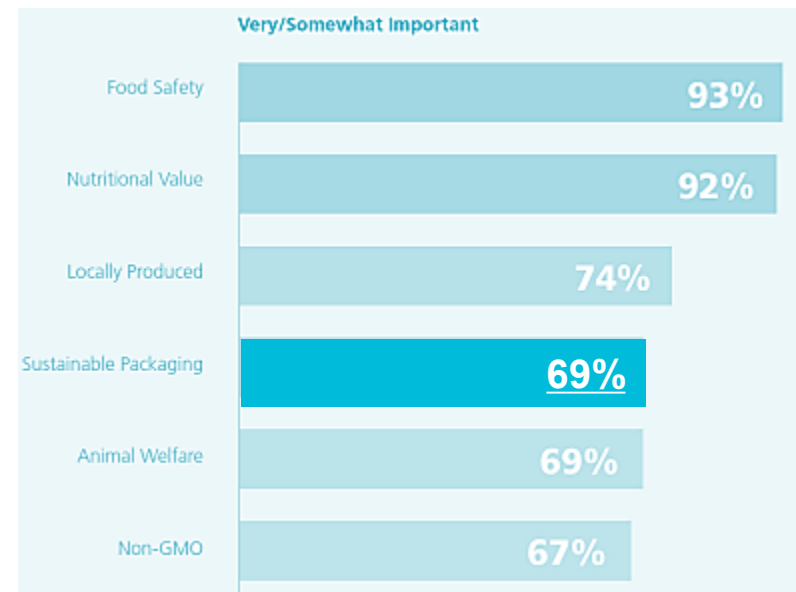
Sustainability influences consumer choice

Globally, people consider a company's social and environmental commitment before making important decisions:

Sustainability is an important factor for US shoppers when deciding what groceries to buy...

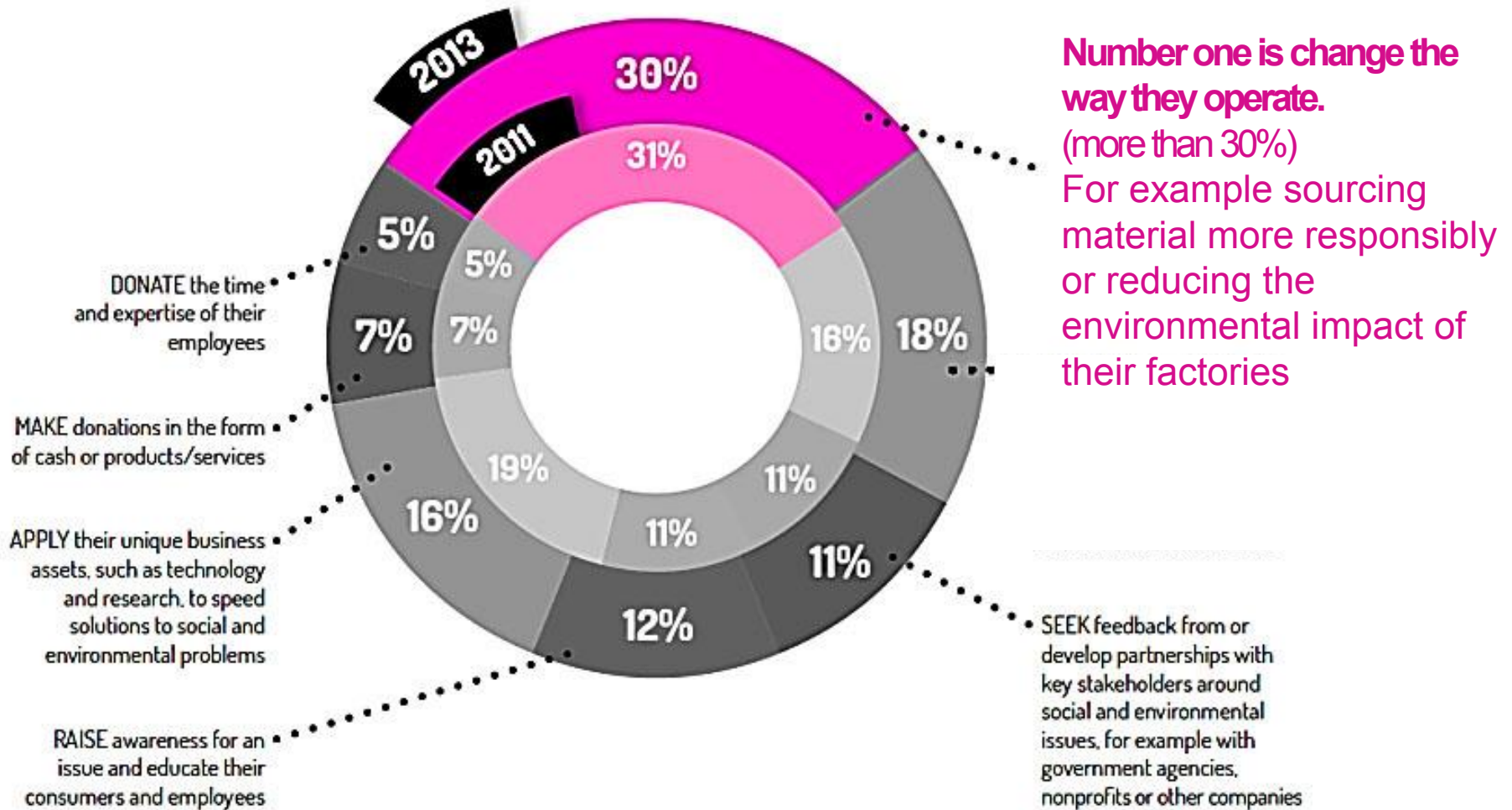


...and **sustainable packaging** is one of people's **top concerns**.



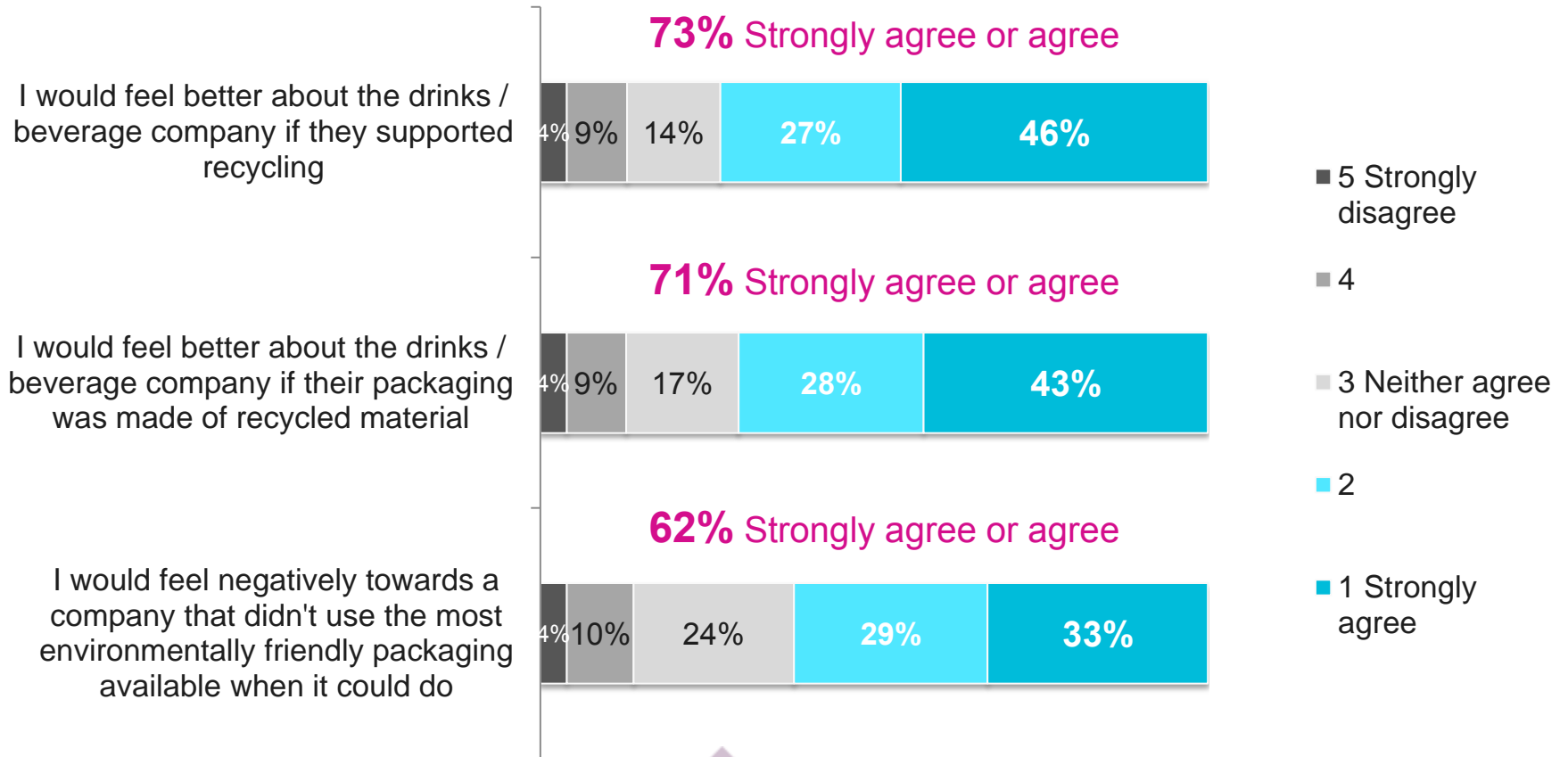
Source: 2014 Cone Communications Food Issues Trend Tracker

Consumers identify operational change as their major priority for companies

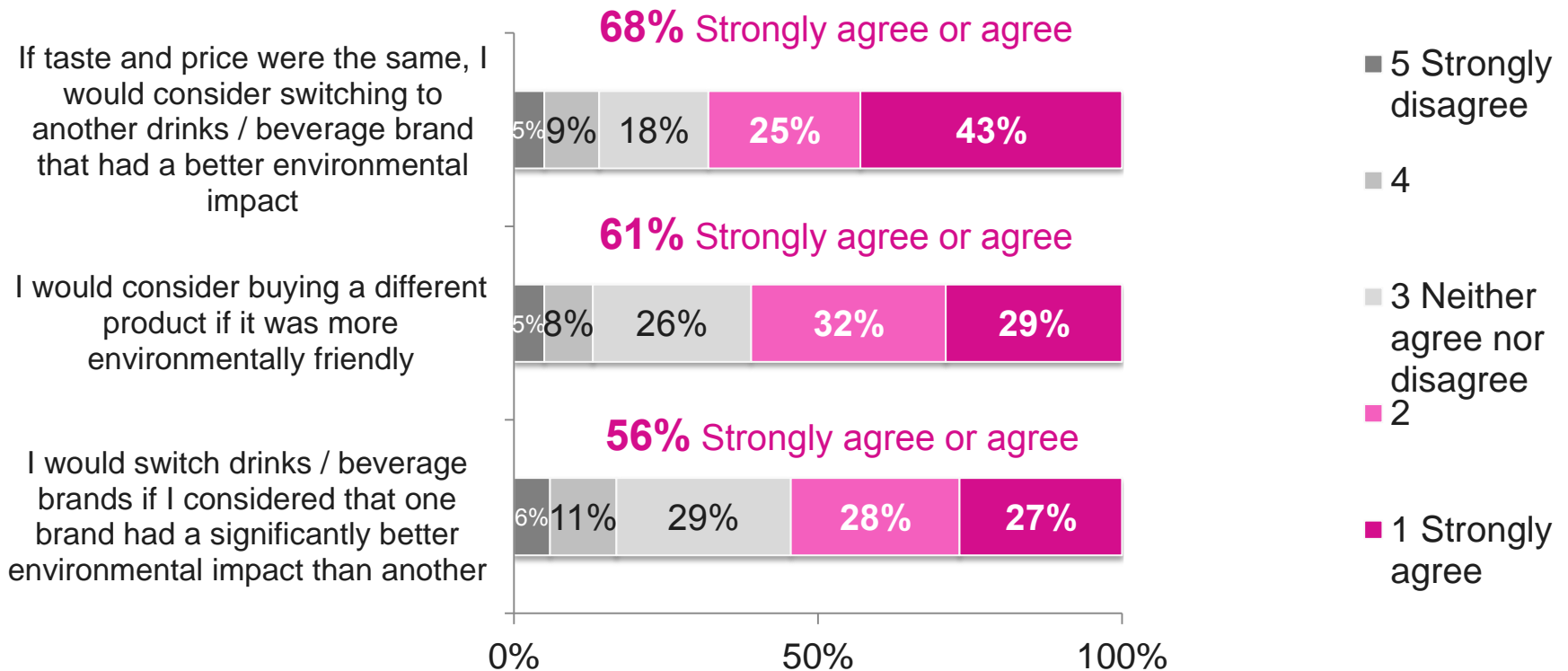


Source: 2013 Cone Communications / Echo Global CSR Study

People react positively towards companies that use sustainable packaging...



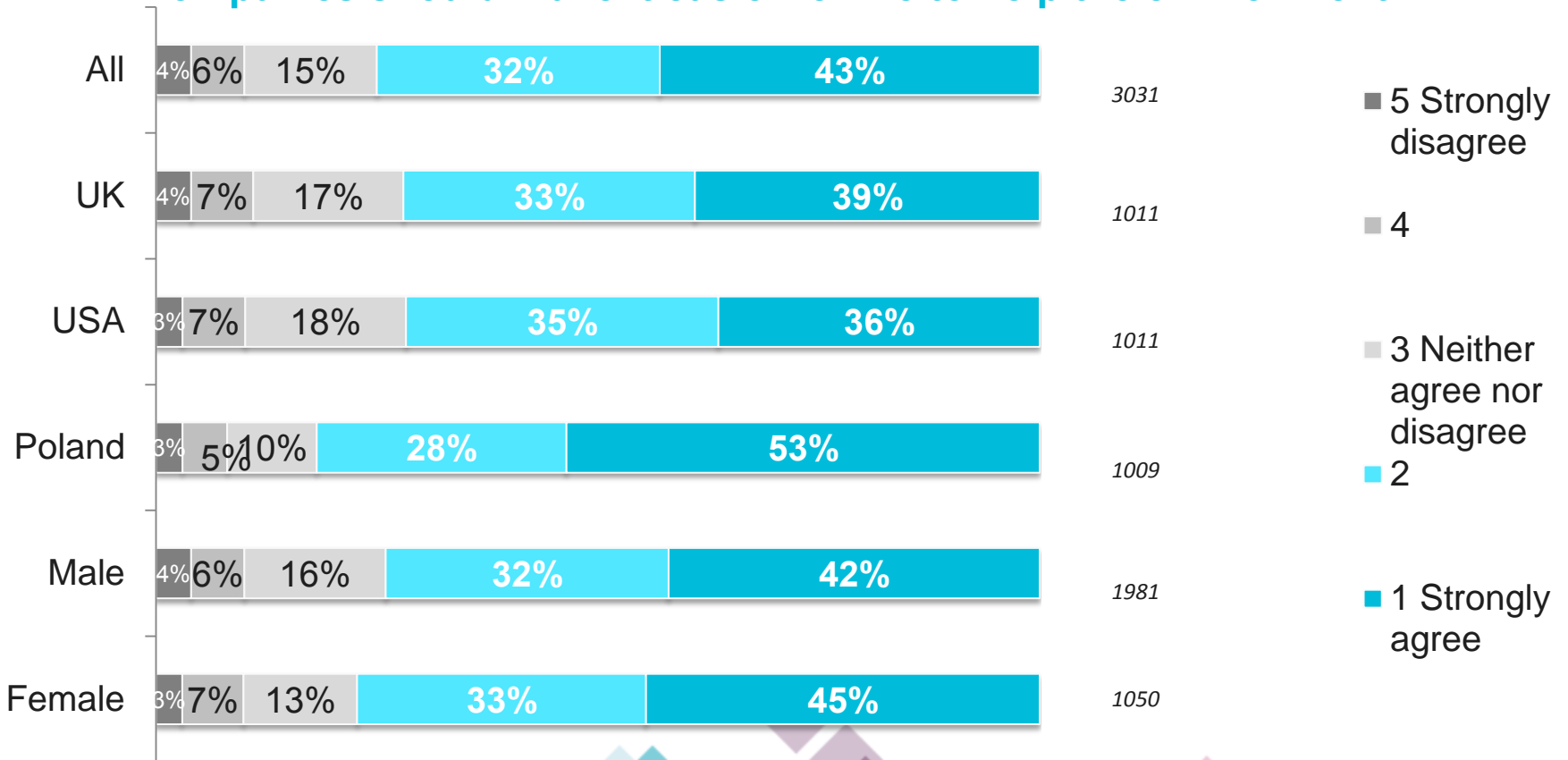
...and would consider switching to a comparable brand that offered a more sustainable option



People want companies to make it easy for them to live more sustainable lives...

To what extent do you agree or disagree...

Companies should make it easier for me to help the environment



Source: Madano, 2014

‘Doing more with less’ is a compelling message

*Successful brands need to both build trust and to be perceived as dynamic - dynamism being the excitement that surrounds a brand. Studies show that creating solutions to drive positive change is one of the factors that has the greatest impact on perceptions of dynamism. Innovation alone does not guarantee dynamism – **innovation that is about doing more with less will resonate with audiences in countries where progress and overconsumption are being questioned.***

Source: Prosumer Report, Havas Worldwide, 2013

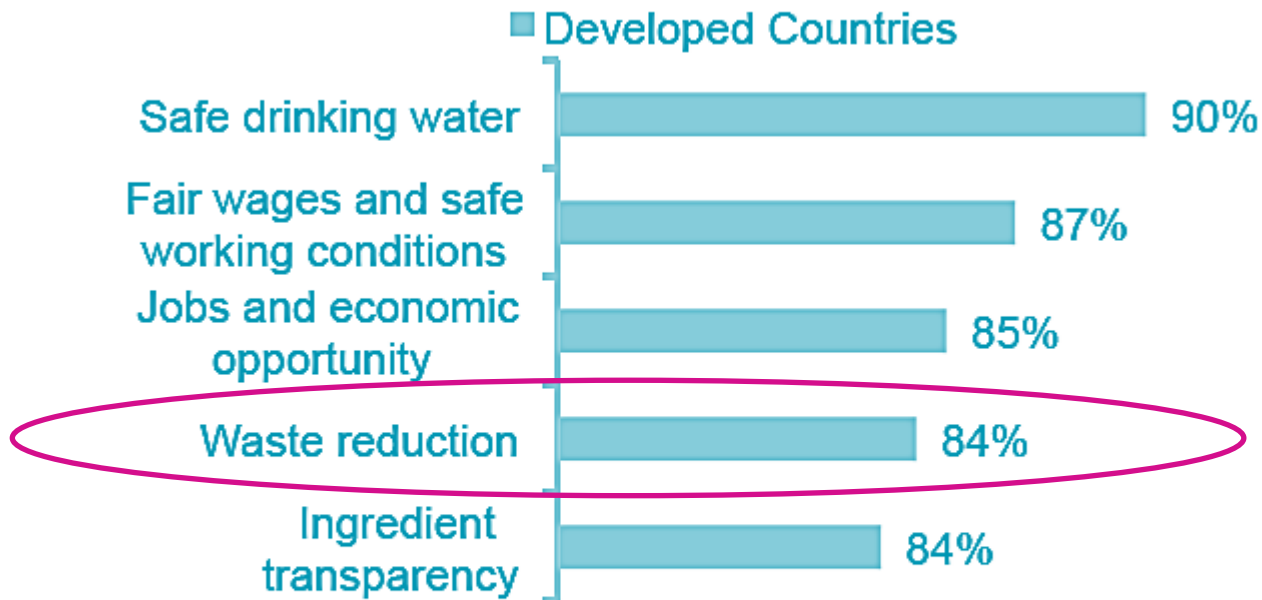
How tackling waste through sustainable packaging supports brand protection

Brands that don't take advantage of new innovations in packaging sustainability risk being viewed as a laggard or follower in the eyes of consumers.

- Waste reduction is an important issue for consumers and people increasingly say that they are prepared to switch or to 'boycott' brands that behave irresponsibly.
- Experts think that sustainable packaging will become a 'hygiene' factor for companies, which is likely to be fuelled by increased transparency and higher consumer expectations of the sustainability of the products they buy.
- Companies that are not proactively tackling their major supply chain impacts risk damaging their brand's reputation if consumer expectations are undermined. Brands can mitigate reputational risk by adopting market-ready solutions with significant sustainability benefits.

Waste reduction is an important issue for consumers

Most Important Issues



Note: 1=not at all important, 5=extremely important

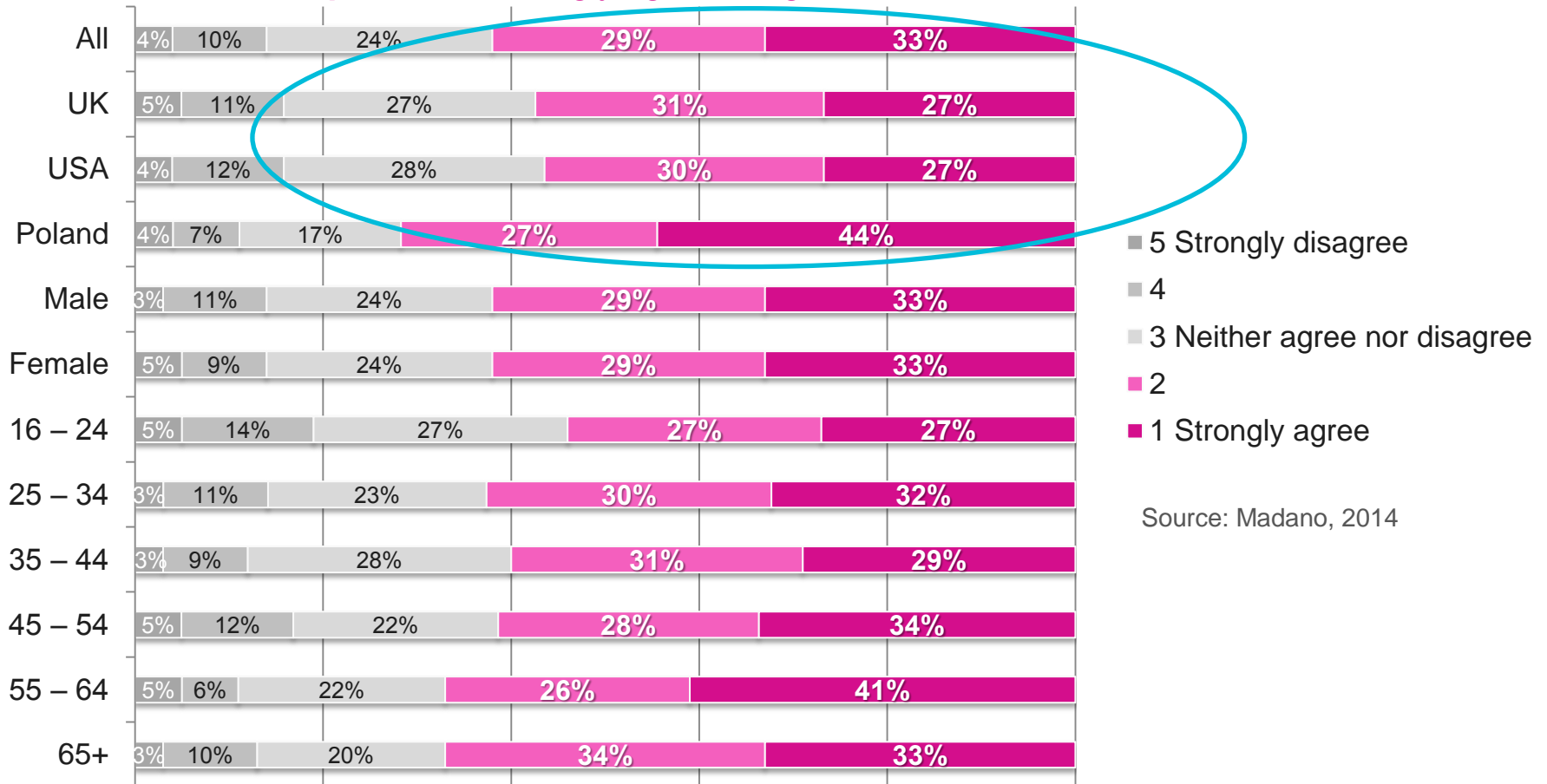
% who chose 4 or 5 shown

Question 13: How important is it for companies to help solve each of the following?

People feel negatively towards brands that don't use sustainable packaging...

I would feel negatively towards a company that didn't use the most environmentally friendly packaging available when it could do.

62% of all respondents strongly agree or agree



Source: Madano, 2014

...and are prepared to switch or to 'boycott' brands that behave irresponsibly

If I learned of a company's irresponsible or deceptive business practices, I would stop buying its products

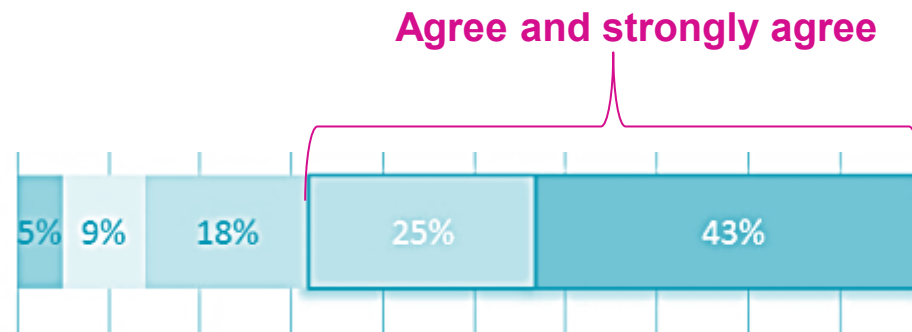
90%

Boycotted (refused to purchase) a company's products/services upon learning it behaved irresponsibly

55%

Source: 2013 Cone Communications / Echo Global CSR Study

If taste and price were the same, I would consider switching to another drinks / beverage brand that had a better environmental impact



Source: Madano, 2014 Base 3031

Experts think sustainable packaging will become a ‘hygiene’ factor for companies. This will be fuelled by increased transparency and higher consumer expectations of the sustainability of products

Environment Mining

Death metal: tin mining in Indonesia

If you own a mobile, it's probably held together by tin from the Indonesian island of Bangka. Mining is wrecking the environment and every year it claims dozens more lives

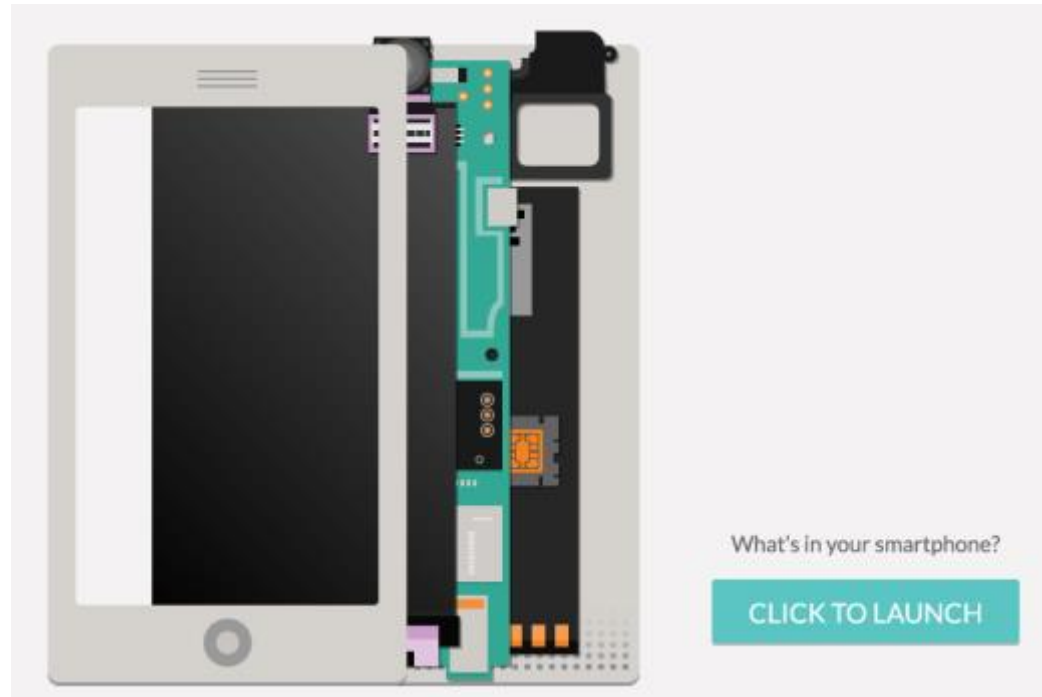
Kate Hodal

The Guardian, Friday 23 November 2012 22:59 GMT

 Jump to comments (76)



Febri, a 15-year-old tin miner. Photograph: Ulet Ifansasti/Friends Of The Earth



Companies that don't proactively tackle their major impacts risk damaging their brand reputation. Transparency is a major driver of brand trust.

Brands can mitigate reputational risk by adopting market-ready solutions with significant sustainability benefits

“Where the opportunity lies for behaviour change will be in big business for sure. That’s why it is important for me; transparency in your supply chain, honesty in your material flows, understanding the future forecasting of where your business will be in 20 years’ time.”

UK materials scientist

“It’s worth repeating the message that aluminium needs huge amounts of energy to derive it from bauxite, and recycled aluminium uses 90% less energy.”

UK environmental think tank

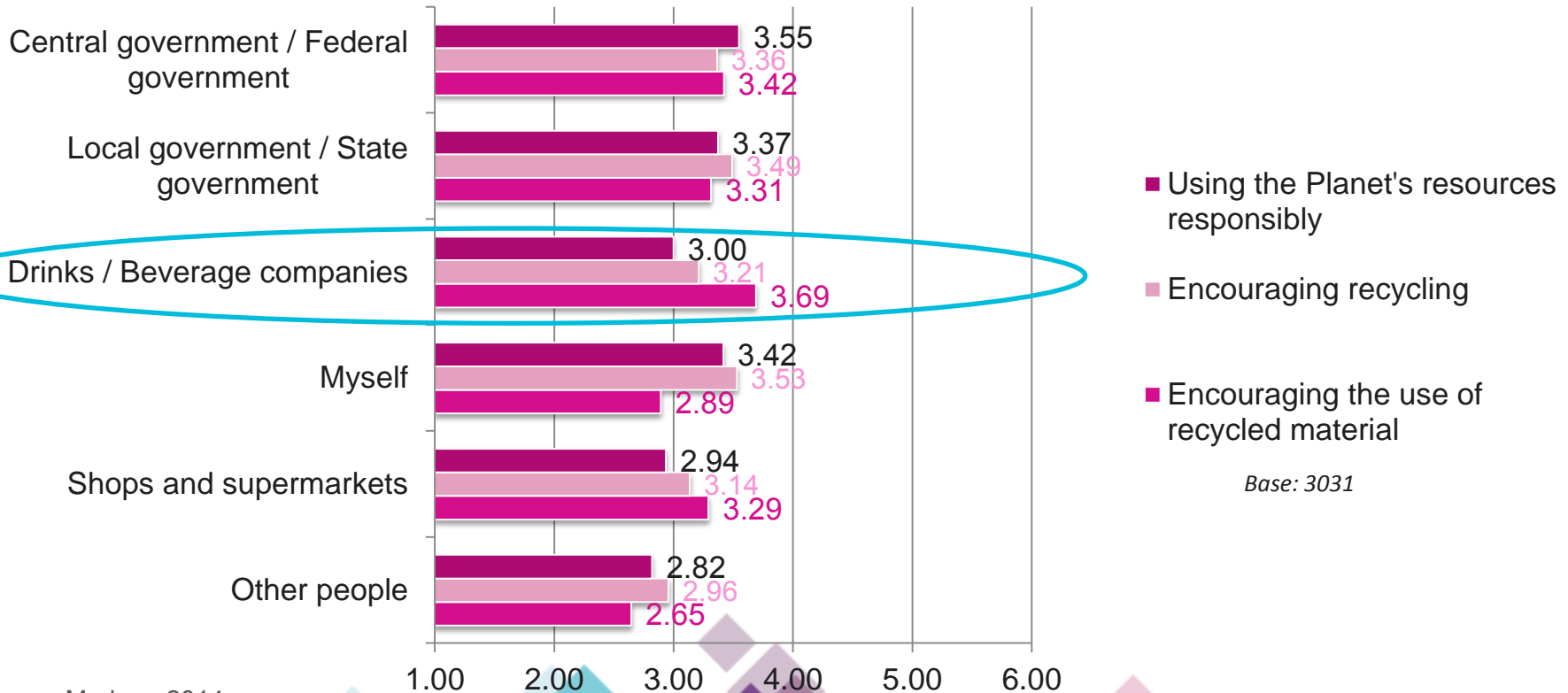
Sustainable innovation needs **leadership** to reach the mainstream

Brand adoption of innovations can be a sticking point for moving towards the circular economy. We need visionary, pioneering businesses to take a first step and lead the industry. Consumers see recycling as a shared responsibility and brands can lead by providing the best technology available.

- Brands that incorporate sustainable solutions and communicate them well to consumers will be seen as leaders.
- Brands have already set ambitious targets around reducing product impacts in energy, water, waste.

People think that companies have the most important role in encouraging the use of recycled content and, after government, encouraging using the planet's resources responsibly

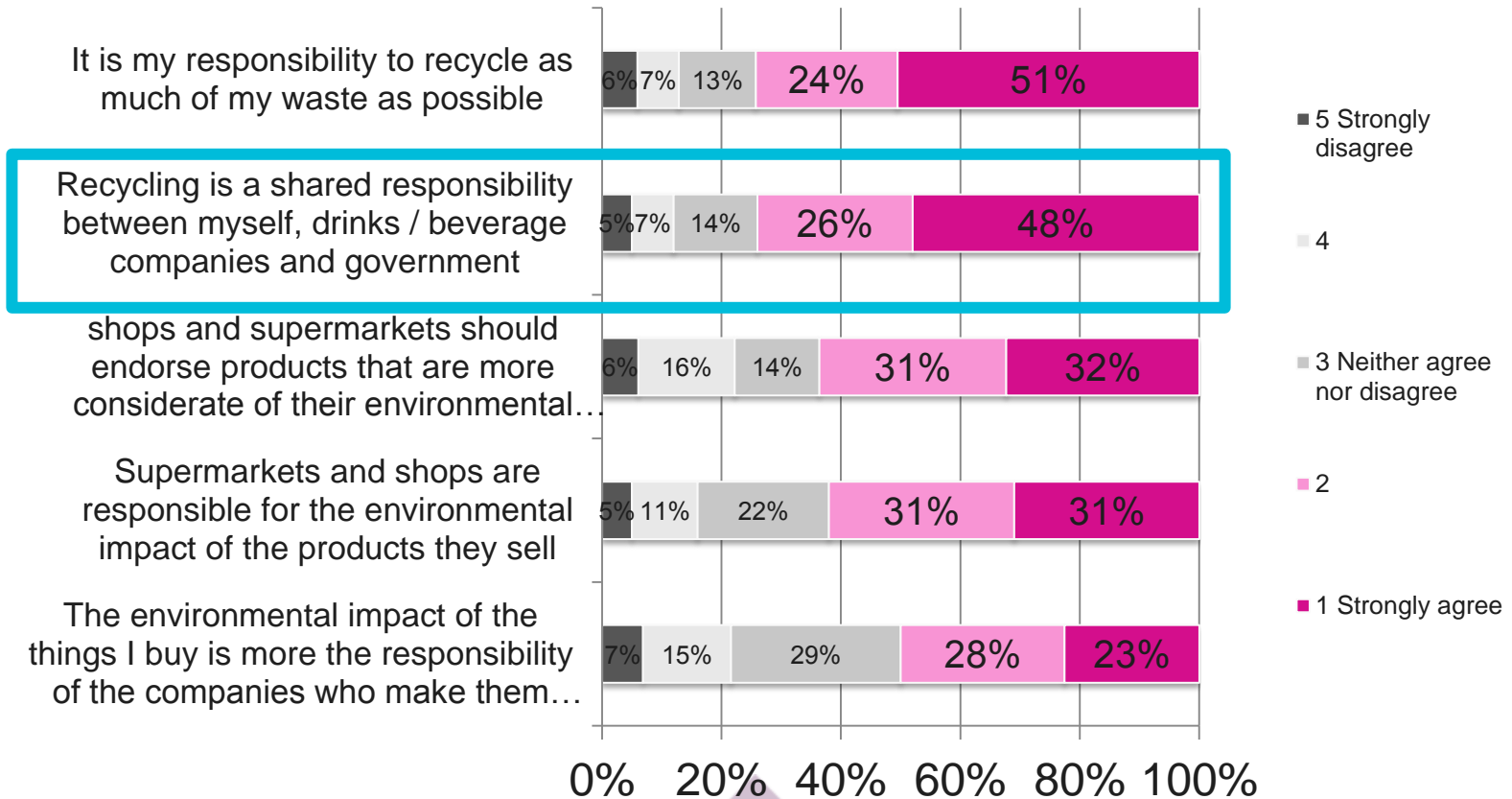
Who has the most important role in encouraging the following (Average rank score – 6=most, 1=least)



Base: 3031

74% of consumers see recycling as a shared responsibility. There is an opportunity for brands to show leadership

To what extent do you agree or disagree with the following statements?

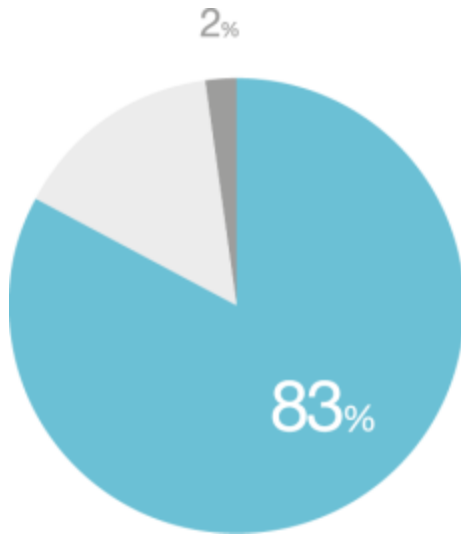


Sustainability increases brand preference

In the future we anticipate that sustainability will be a larger factor in determining brand preference as resource scarcity, carbon emissions and water scarcity rise up the agenda.

- Brands can gain people's trust by acting today on future issues and people's on environmental concerns.
- Brands that are reliable in difficult times, that know what is going on in the world, and respond to issues on people's behalf will be rewarded by people.
- As people's awareness increases of sustainability issues, they will be supportive of companies that are tackling their impacts.
- Brands should prepare for new industry standards. Consumers' expectations of how brands act on sustainability issues will be higher.

People think brands should in general improve their sustainability credentials



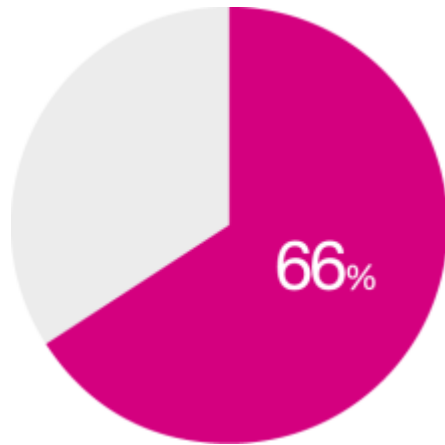
More than 80% of interviewees agree that **if a company can do something to improve its environmental impact should do it**

Only 2% strongly disagree with this.

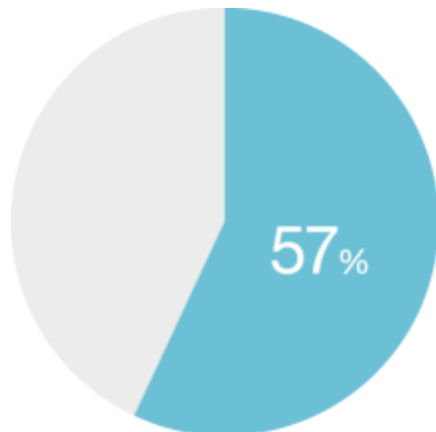
One way to gain consumer trust is to implement the best sustainability practices and be transparent about it.

Increasingly consumers expect the company to use the most sustainable option, and that they shouldn't need to ask for it.

People are concerned about future issues and environmental consequences



66% of people in Poland, USA and the UK are concerned about the future cost of products



57% of people interviewed are concerned about the rate at which we are using up our landfill space

Companies should do more to improve industry standards on sustainable packaging

To what extent do you agree or disagree that companies should seek to...

Strongly disagree

84% of people agree that companies should provide information on whether packaging can be recycled



82% of people agree that companies should increase the amount of recycled material in packaging



76% of people agree that companies should reduce the amount of energy used in the production of a product or a service



75% of people agree that companies should reduce the amount of new raw materials using in creating packaging



IN BRIEF

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**DRIVES BRAND
PREFERENCE**

**SUPPORTS BRAND
PROTECTION**

**PROVIDES
LEADERSHIP
OPPORTUNITY**

**SUPPORTS FUTURE
BRAND RESILIENCE**



External sources

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6. Anheuser-Busch InBev Expands Reach of Environmental Commitment with New 5-Year Global Goals. 2013
7. Coca-Cola GRI report 2012/2013
8. Diageo, performance ad key metrics 2013
9. Pepsico 2011-2012 Sustainability Summary 2012

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