

Touchpoint Study 2015

The Contribution of Packaging to Marketing Success

Summary of the Touchpoint Study
commissioned by Pro Carton and FFI



PRO CARTON



Fachverband Faltschachtel-Industrie e.V.
Folding Carton Association



Packaging is the crucial element for competitive decisions at the Point of Purchase.

Product packaging plays a variety of roles in the retail trade and the daily routines of consumers. It serves for warehousing purposes, product presentation, storage and use in-home, and, last not least, it provides information and communication.

Pro Carton regularly commissions studies to underline this scientifically and to provide the industry and its decision makers with evidence-based facts & figures.

Over the past few years the focus of our studies has been on the retail side – be it stationary or digital. This is where the competition takes place: ever more products are competing for the shoppers' budgets. Packaging plays an overwhelming role for successful sales, not only in competition on supermarket shelves but also in a digital environment. And cartons combine high value as a communication channel with the sustainability requirements of all stakeholders! The new Touchpoint Study 2015 is a further step in confirming the superiority of cartons.



Roland Rex
President Pro Carton



Packaging is a powerful advertising medium

Packaging has a tremendous advertising impact. From our studies to-date, we know how powerful the „carton“ communication channel is. At the Point of Sale (POS) it supports the selection decision, in-home it strengthens brand loyalty and promotes repurchasing. There is no other advertising medium which provides such long and intense consumer contact. For the first time, the Touchpoint Study 2015 allows us to put numbers to the impact of packaging.

The touchpoints literally explode for products which remain in the household for longer periods – and boost the media equivalence score considerably. This is a trump card in the hands of those responsible for marketing in the retail trade and for brand owners, as well as for their agencies. Many are already aware of this. But now they are provided with further good arguments and numbers for designing and using cartons to an even greater extent in their communications mix.

Steffen Schnizer, Spokesman of the FFI Board



Billions of touchpoints for the brand

The significance of the carton as a communication medium has been frequently underestimated. The performance of the various marketing channels plays a crucial role when planning communications. Everything revolves around „reach“, „average“ and „gross contacts“ as well as „gross rating points“ (GRP). And how does the performance of cartons rate in comparison?

The Touchpoint Study 2015, the first of its kind worldwide, provides the answer. It shows the number of gross contacts achieved by cartons with consumers as well as the value of its contribution to marketing and advertising.

The media equivalence value itself does not represent a media currency. However, it does provide a realistic calculation base for comparing the performance of cartons as a communication channel in various product groups to other media. And the performance is indeed impressive!

This brochure offers valuable insights on the use of packaging, giving an impression of the billions of touchpoints available.

Christian Schiffers, Managing Director FFI
German Folding Carton Association



INTRODUCTION

Packaging as advertising channel

STUDIES CONFIRM THE HIGH LEVEL OF COMMUNICATION PERFORMANCE

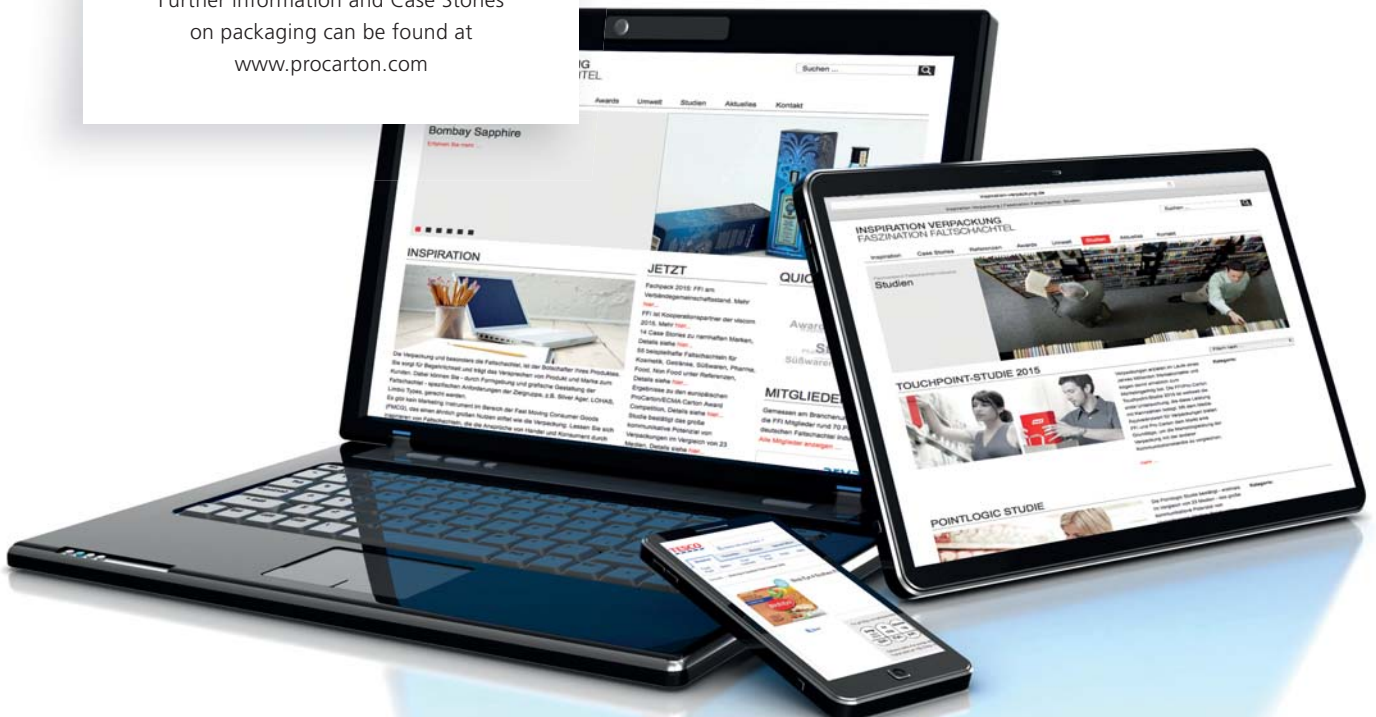
Packaging is one of the most effective communication channels available to marketing. This applies to cartons in particular; flexible design options make cartons predestined for communicating information and purchasing stimuli.

In cooperation with renowned institutes and market research companies, the FFI regularly determines the importance, image and performance of packaging. The study „A comparison of 23 media channels“ (2013), conducted in cooperation with the European industry association Pro Carton, confirms that packaging can definitely compete with other channels such as TV, print advertising or the Internet. Furthermore, the FFI Shopper study 2011 showed that packaging can firmly entrench a brand in the daily routine of consumers as well as promote repeat purchases, fast consumption of products and word-of-mouth recommendations.

However, how can these Touchpoints between packaging and the consumer be measured and how much are they worth? The answer is provided for the first time by the Touchpoint Study 2015, a joint study of the Trade Association of the Carton Industry e.V. (FFI) and Pro Carton, conducted by consultants Pointlogic. Headed by media researchers Professor Hans Georg Stolz and Dick Engel, a formula has been developed which allows the media equivalence values to be calculated for packaging. This brochure summarises the salient results of the study.



Further information and Case Stories on packaging can be found at www.procarton.com





The road to the media equivalence value

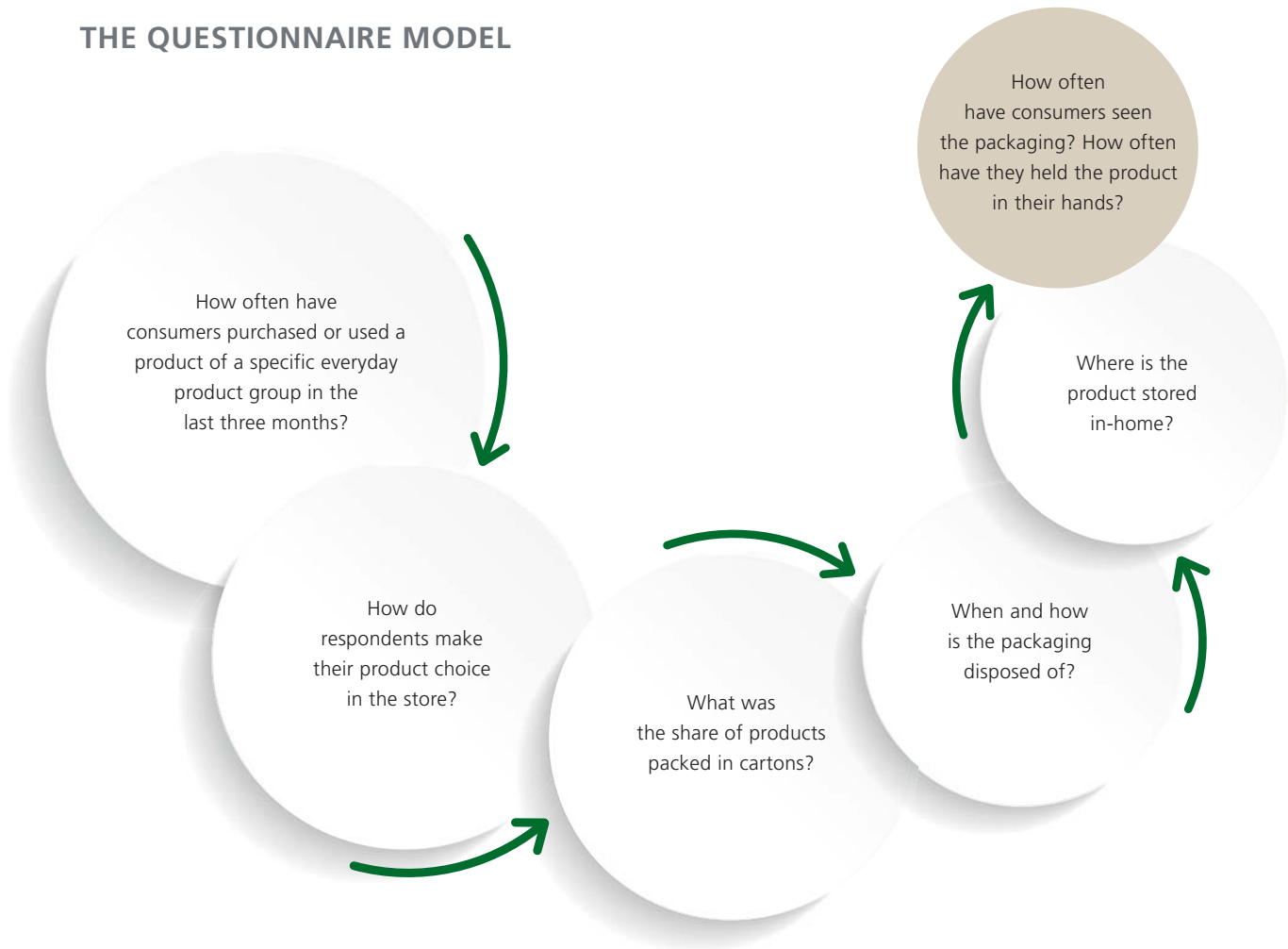
QUESTIONNAIRE AND METHODOLOGY FOR THE TOUCHPOINT STUDY 2015

The Touchpoint Study 2015 makes the contribution of cartons to the success of marketing measurable: by the sum of the touchpoints achieved by a pack during its life cycle as well as by its absolute media equivalence value. For the very first time, the performance of the communication channel of cartons is backed by a key performance index, thus allowing it to be compared with the media volume of other advertising media.

Step 1: The Questionnaire

The study is based on a representative survey of the German population aged between 18 and 64 years (2,016 interviews during autumn/winter 2014). Using an online questionnaire, the respondents provided information on their purchasing and consumption behaviour for 16 important everyday product categories as well as providing information on their handling of the packaging.

THE QUESTIONNAIRE MODEL

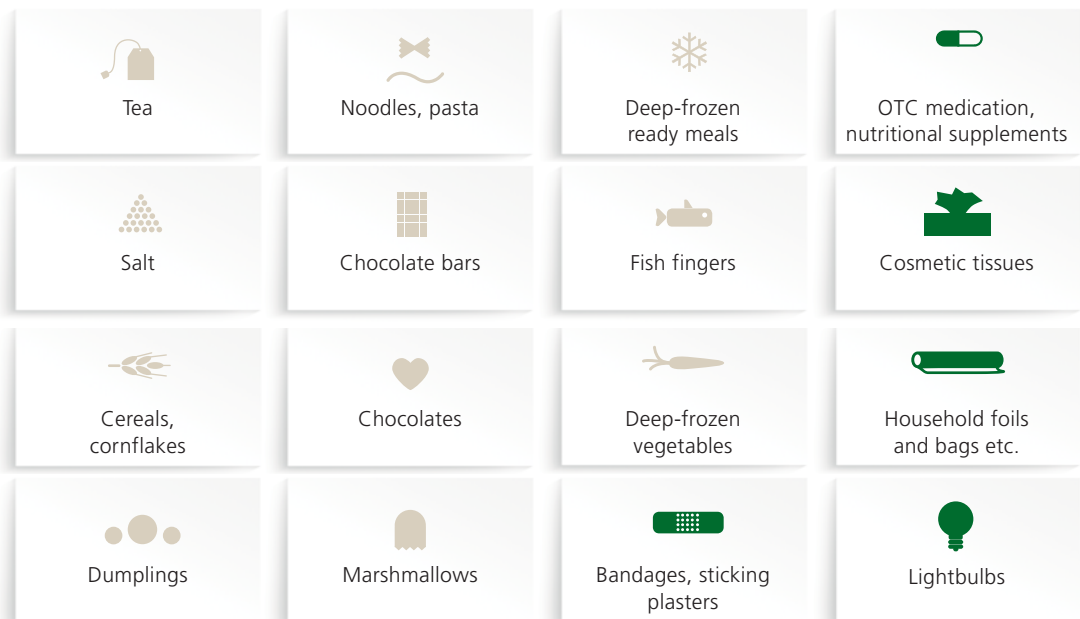


STUDY DESIGN AND QUESTIONNAIRE

Step 2: Usage Patterns

Based on this survey, the researchers developed purchasing and usage scenarios for each product group taking eight factors into consideration: these formed the basis for precisely calculating the touchpoints of the individual cartons in-store and in-home.

PRODUCT CATEGORIES EXAMINED



Step 3: Number of Touchpoints and their Value

Using the sales figures for the individual product groups, the overall number of touchpoints was calculated according to the usage patterns. This basis allowed calculation of the media equivalence value for the packaging in each product group.

STUDY PROFILE

- conducted in Germany
- sample: 2,016 online interviews
- representative for the population in Germany between 18 and 64 years
- fieldwork: 25. September to 13. October 2014
- research institute: Pointlogic
- study management: Professor Hans Georg Stolz (University of Mainz, Chairman of the Board at agma, association for media analysis) and Dirk Engel ("Kundenwissen")



Content marketing at its best

TOUCHPOINT CONTACTS FOR PACKAGING COMPARE FAVOURABLY WITH OTHER ADVERTISING CONTACTS

Attractive packaging is not only a first class brand ambassador, it also promotes sales and thus increases revenues. This was clearly confirmed in the FFI study, Shopper 2011, and the study "A comparison of 23 media channels" (2013). Packaging achieves consistently good scores in the media comparison. It is distinguished by its potential for communication and is among the top 5 for generating reach, even ahead of radio and print. Packaging is probably unique in that it functions both in-store and in-home.

Every consumer handles a pack several times, and this promotes brand loyalty and the willingness to repeat purchases. In addition to the number of contacts a consumer has with an advertising medium, packaging also scores better than other media, especially in terms of the intrinsic value of these contacts as touchpoints. They come into their own, particularly in the in-home environment. In some product groups, such as cereals and cosmetic tissues, it is their use which delivers the many contacts, as was shown in the Touchpoint Study 2015.



"Touchpoint contacts via packaging compare favourably to other advertising contacts, as the product or brand reaches consumers both in-store and in-home and can at the right moment offer both a rational and emotional information and decision trigger for purchase or reuse. That is tactile "content marketing" at its best."

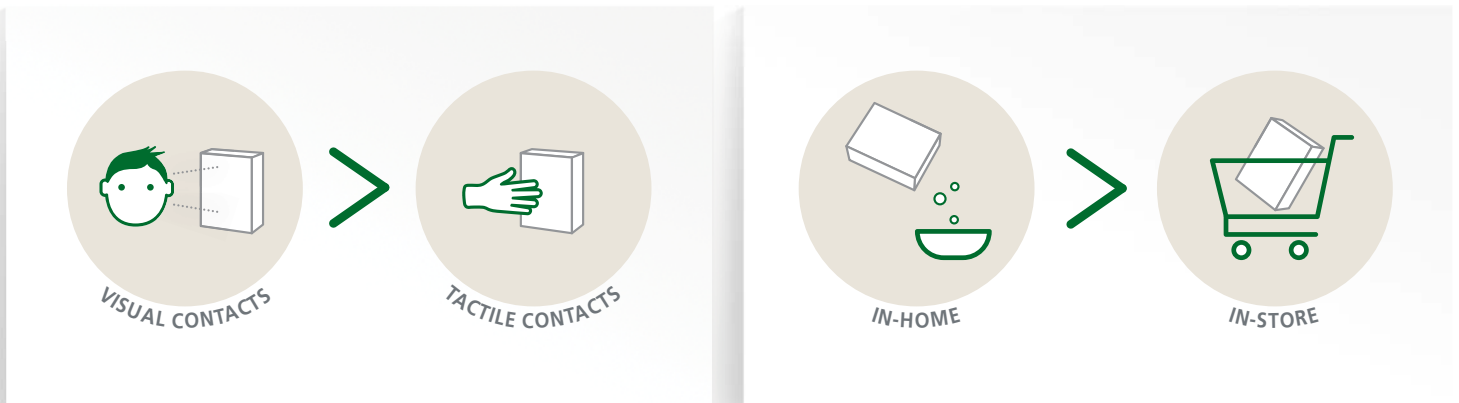
Prof. Hans Georg Stolz
Johannes Gutenberg University Mainz



THE TOUCHPOINT

VISUAL CONTACTS AND TACTILE CONTACTS

Touchpoints relate to all channels and media where a brand or product comes into contact with consumers. This could be a TV or radio advertisement, a printed ad, a newsletter – or packaging. In the end, packaging is the most important touchpoint. It generates two types of contacts: pure visual contact, where the consumer sees the packaging in-store or in-home. And tactile contacts, where the consumer holds the packaging in his/her hand to obtain information about the product or use it. For some product groups with a large product spectrum, 70 per cent of respondents state they use the packaging as an in-depth source of information for selection purposes – for example, for teas, OTC medicines, chocolates or lightbulbs. Packaging fulfils two important tasks here: fast orientation and as a decision-making tool during the purchasing process. The tactile contacts are particularly important here as they are intense and long-lasting.



THE QUALITY OF TOUCHPOINT CONTACTS

Packaging touchpoints have a very special quality and achieve unique advertising impact. This applies in particular to the tactile contacts, as these combine various impressions: packaging design, surface quality, size, weight, etc. They are especially prominent in-home as they do not stand in competition to other brands. This reinforces the stimulus for repeat purchasing.

Fundamentally, the effect of packaging is not a question of age or of purchasing habits. All consumers hold packs in their hands to gain information about product features. Contrary to assumptions, packaging has an even greater effect on Digital Natives than on elderly persons, even though Digital Natives buy many of their purchases on the Internet. Brands are of greater importance to them, and packaging is representative of the quality of the product. This determines whether a product will be recommended to friends or not. The same applies to impulsive buyers whose focus is guided by new packs and their attractiveness. For consumers who plan their purchases, the information on ingredients provided on the packaging provides important arguments for buying.

THE RESULTS IN DETAIL



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The study



THE STUDY RESULTS

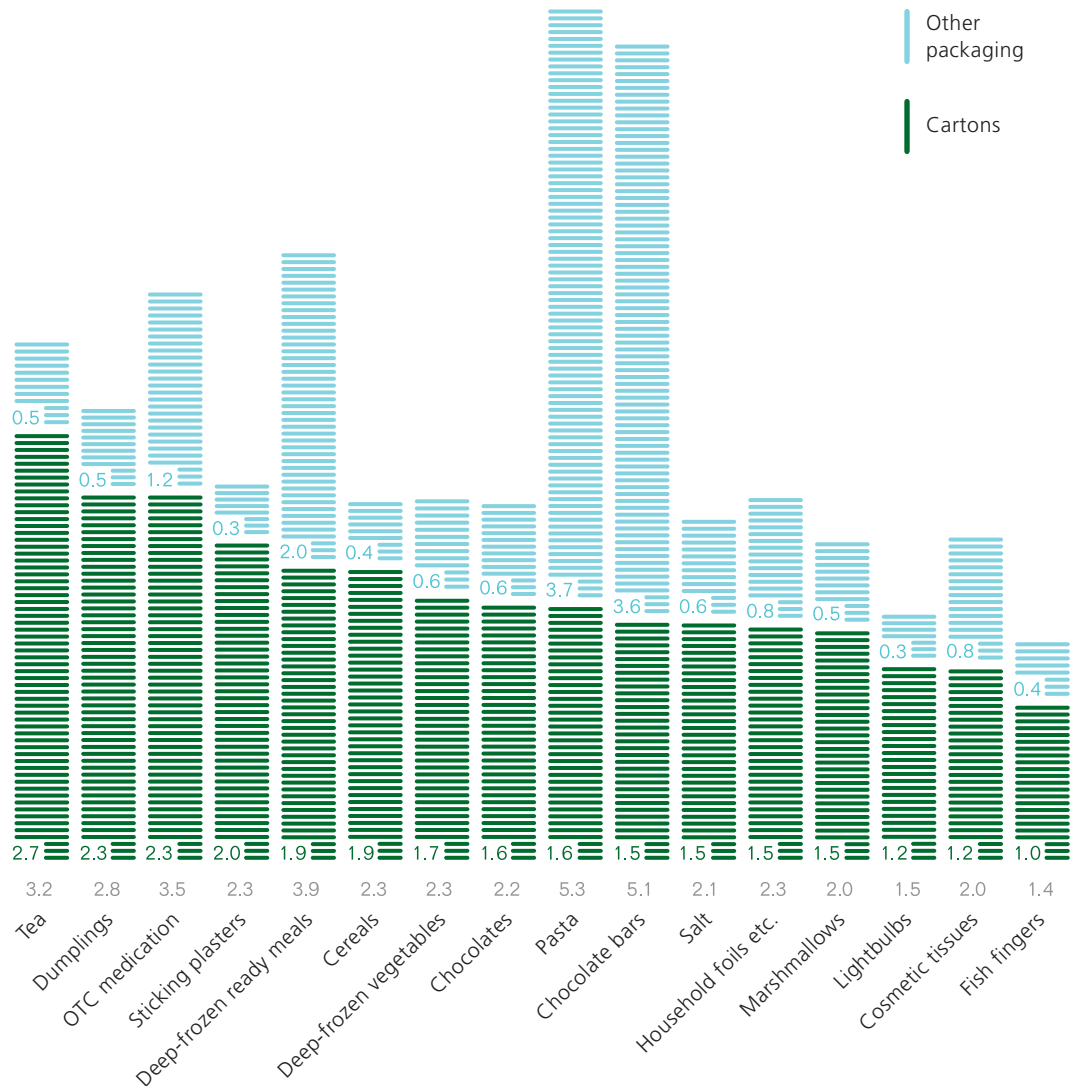
1. PRODUCT PURCHASES PER QUARTER

Number of products purchased over three months

Cartons have the highest share among packaging of the 16 examined everyday product groups selected for the study. Only pasta, chocolate bars and deep-frozen ready meals show higher or similar ratios for other types of packaging.

As some product groups – such as lightbulbs or chocolate-covered marshmallows – are not purchased on a monthly basis, a study period of three months was chosen. The respondents reported how many packs they had purchased in each category and how many of these were packed in cartons.

PACKS PURCHASED PER QUARTER



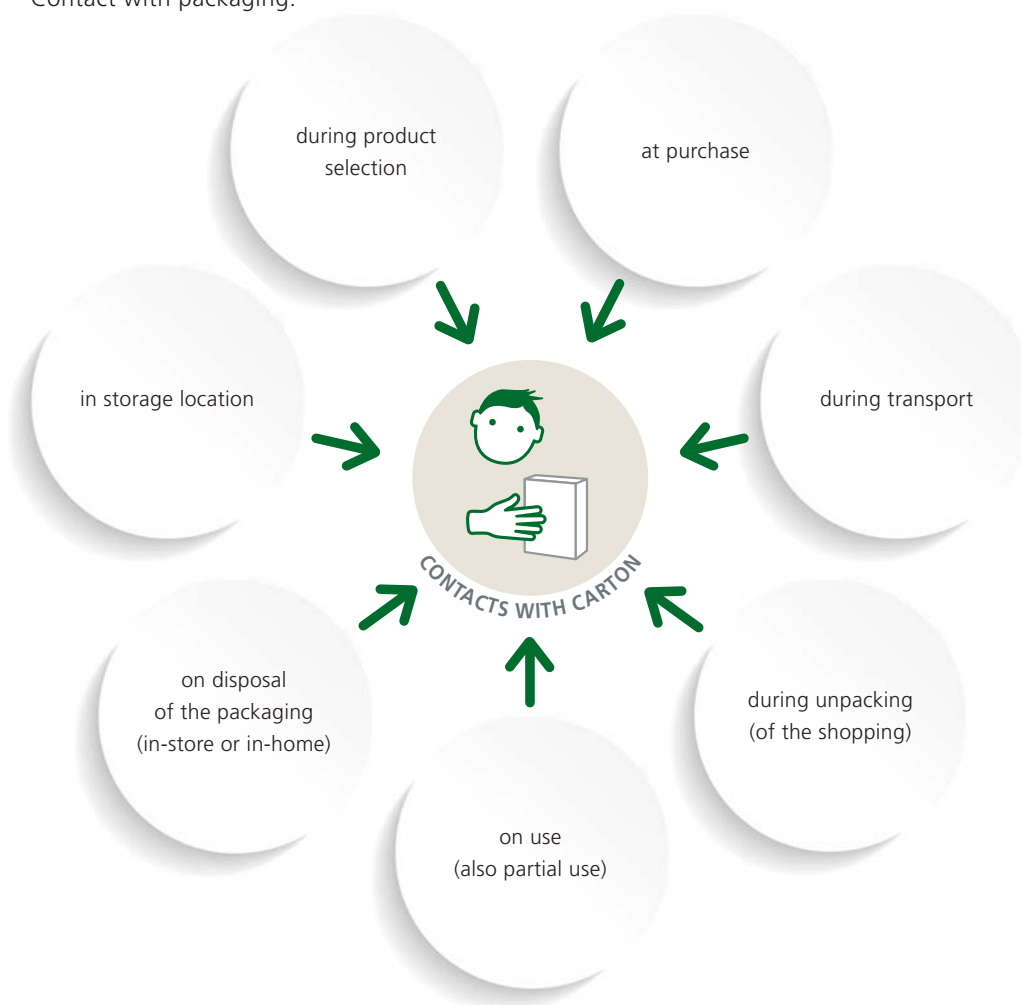


2. GROSS REACH PER QUARTER

Touchpoints vary between product groups

FACTORS CONSIDERED

Contact with packaging:



Based on the responses, usage patterns were determined for the various product groups. A number of factors play a role here: from handling the products during product selection, to use and disposal.

The various usage patterns resulted in a different number of touchpoints in the shops and at home. For example, chocolate bars in the shops achieve just as many visual contacts as tactile contacts in general: three touchpoints each¹. For tea, things are entirely different. Here the packs are handled far more often in the shop. For every two purely visual contacts per quarter, the average number of tactile contacts is five.

¹ Average per consumer over three months

THE STUDY RESULTS

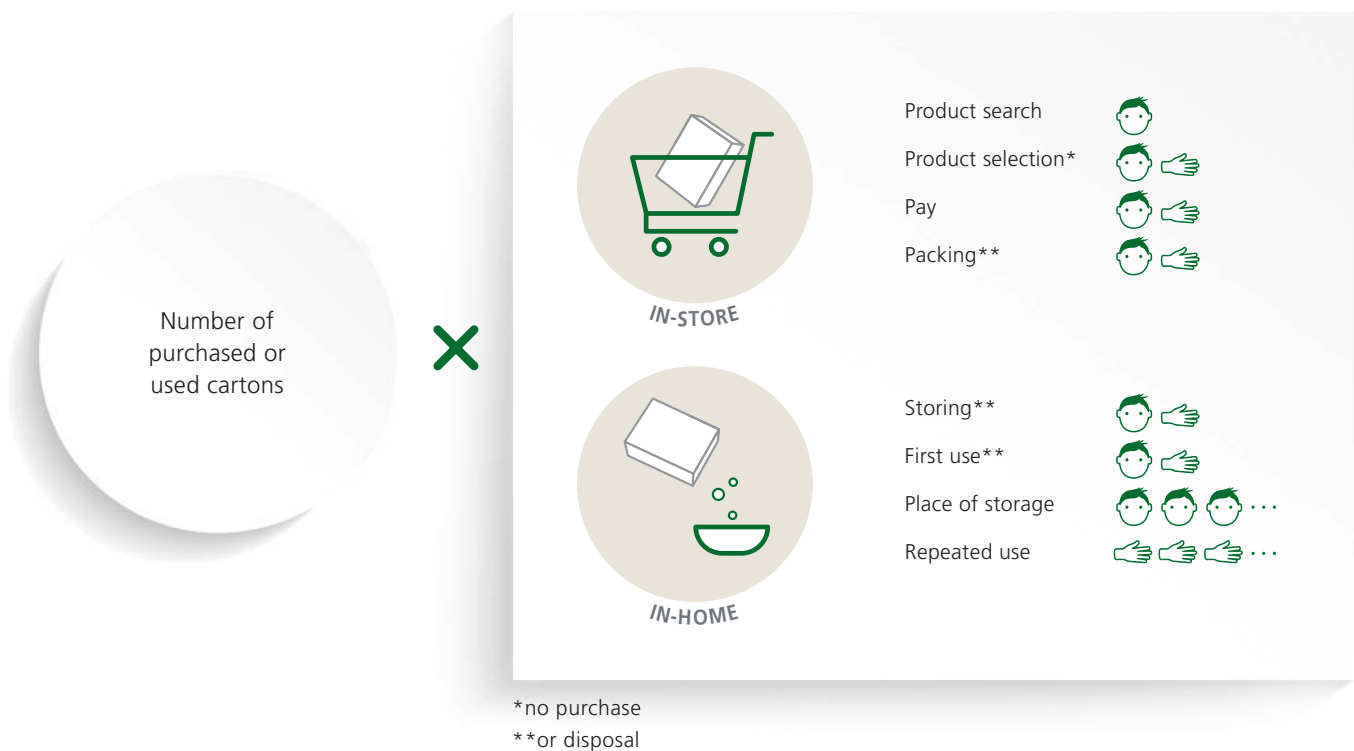
Most of the contacts with packaging take place in-home, the reason being that the products are mainly used daily. The consumers see the pack when they open kitchen cupboards or the carton standing on the table. For example, tea reaches an average score of 61.4 pure visual contacts and an additional 17.2 tactile contacts. Overall, packs of tea in-home reach 78.6 touchpoints, compared with approximately 7.5 touchpoints in the shop².

In the pasta product group, cartons reach the lowest contacts when compared with all 16 product groups at 32 touchpoints². This is because the share of pasta purchased in cartons is relatively low at only 30 per cent.

The calculation is based on a simple formula commonly employed in marketing. The number of products purchased and packed in cartons represents the net reach. This is multiplied by the number of different touchpoints resulting from the usage patterns (OTS)³. This gives the person's total number of contacts with the packaging over the three-month period: the gross reach.

THE CALCULATION PRINCIPLE

The contact opportunities differ between in-store and in-home



² Average per consumer over three months

³ Opportunity to see:
the value gives the number of contacts
of a person with the advertising material



3. GROSS REACH OF CARTONS

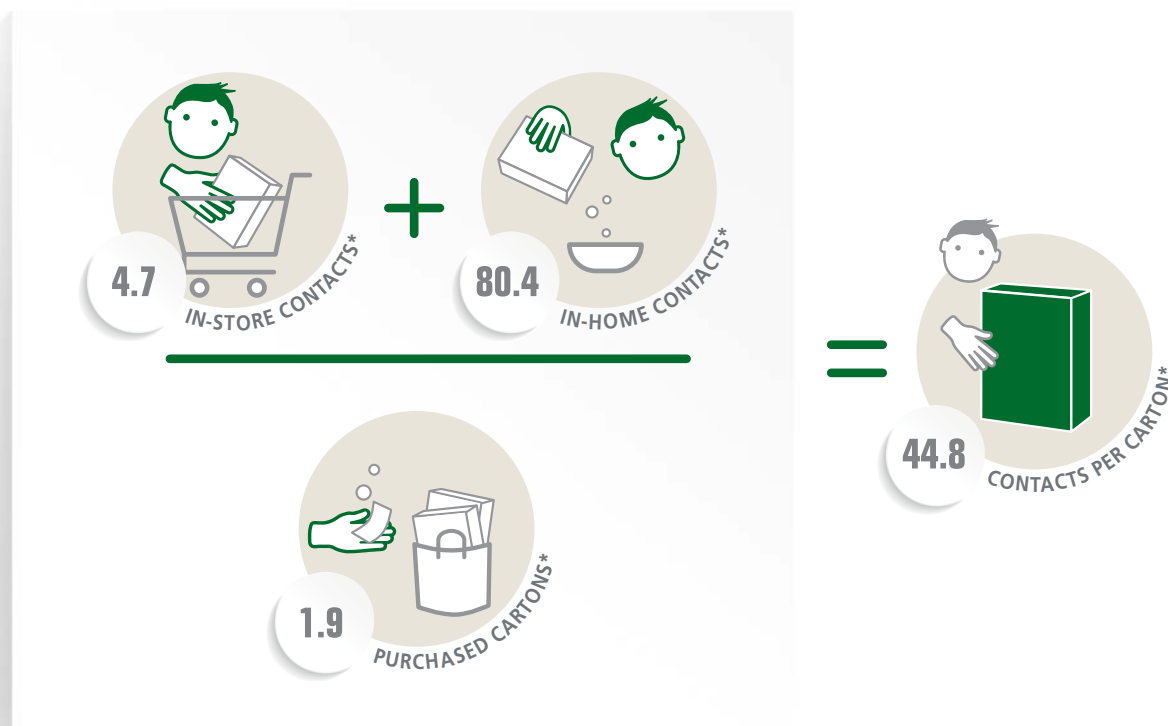
Change in perspective – the packaging touchpoints

In order to calculate the carton's contribution to the success of marketing, a change in perspectives is necessary. So far, the touchpoints of the consumers with packaging and cartons have been represented over a period of three months. However, to calculate a media equivalent score, it is crucial to see how many touchpoints the individual packaging achieved with consumers.

To calculate this, the total number of contacts needs to be divided by the number of purchased products in cartons.

CALCULATION OF CONTACTS

Contacts per carton using cereals as an example:

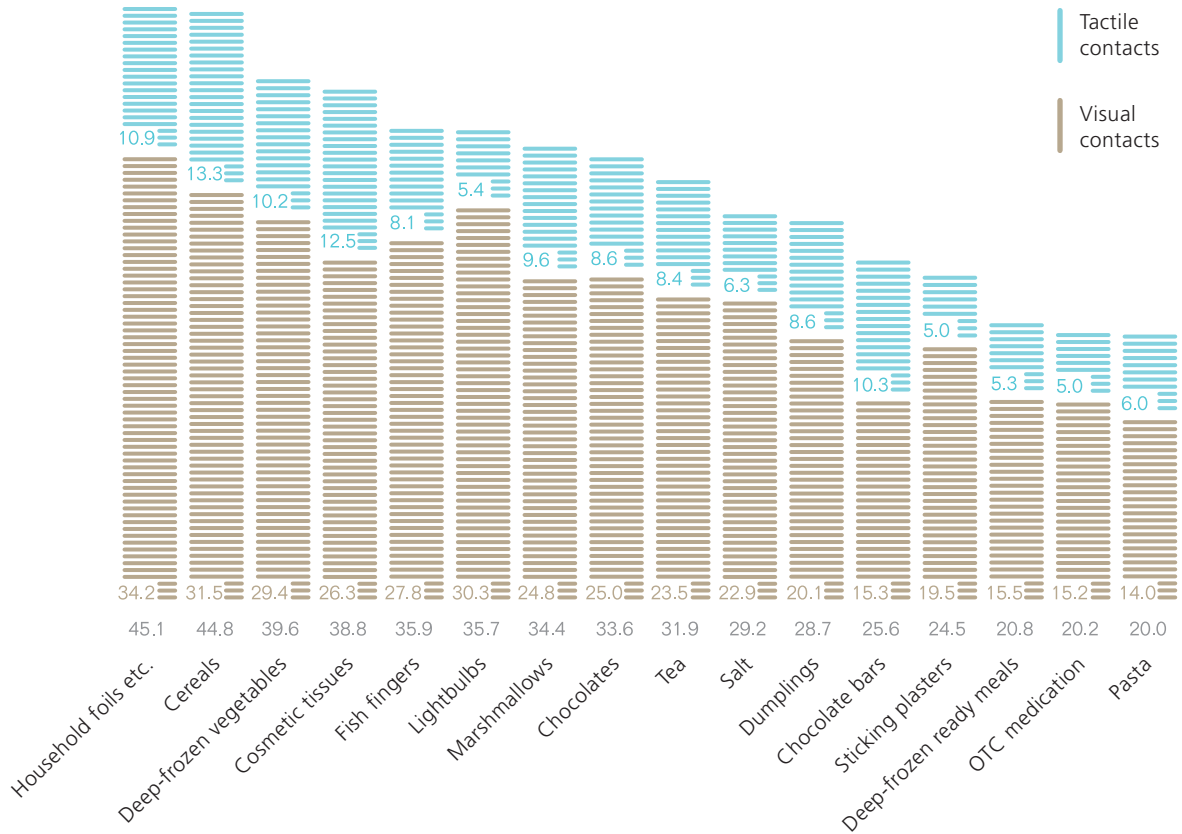


* per quarter, per person

Based on this calculation, it can be seen that the number of touchpoints of the individual packs with consumers, both in-store and in-home, is quite impressive. The highest number of contacts was reached with household films with a good 34 pure visual contacts and some eleven tactile contacts. The lowest number of touchpoints was reached by cartons in the pasta segment. These are "only" seen around 14 times and handled six times.

THE STUDY RESULTS

CONTACTS PER CARTON



4. THE MEDIA EQUIVALENCE VALUE

The calculation

The number of touchpoints achieved by the individual packs in a product group therefore represents the gross reach and forms the basis for calculating the media equivalence value. From this, the total number of all visual and tactile contacts can be calculated for all products sold with this carton packaging. In order to determine the value corresponding to these contacts, the average thousand contact prices (TCP) of two advertising media offering a similar consumer experience and common to any media plan, were used as comparators: billboard (EUR 6.52 TCP) for pure visual contacts and print (EUR 20.85 TCP) for tactile contacts.

The calculation is easily explained using a fictitious example: a product in the cereal category selling 10 million packs achieves a gross reach of 448 million contacts: 315 million pure visual contacts and 133 million tactile contacts. The visual contacts are based on a cost of EUR 6.52 per 1,000 contacts, which equates to a value of EUR 2,053,800. The value for tactile contacts based on a TCP of EUR 20.85 is EUR 2,773,050. All the touchpoints in this example add up to a media equivalence value of EUR 4,826,850.



THE MEDIA EQUIVALENCE CALCULATION

Fictitious sample calculation for a product in the cereal/cornflakes segment

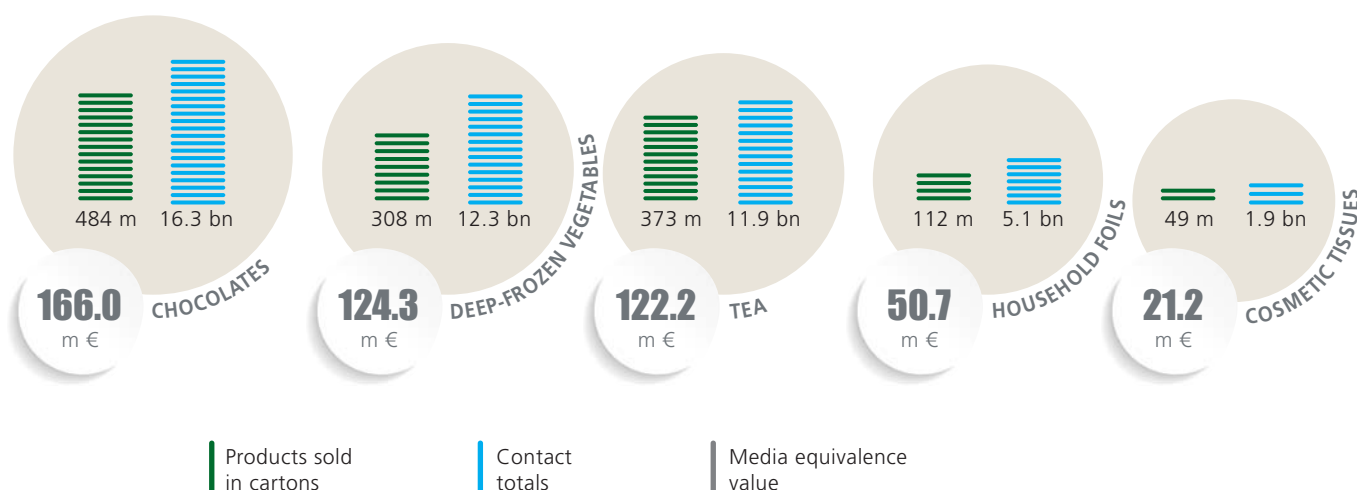
	Contacts per pack	Example 10 million units	TCP billboard/print	Media equivalence value for 10 million units
Visual contacts	31.5	315,000,000	€ 6.52 (billboard)	€ 2,053,000
Tactile contacts	13.3	133,000,000	€ 20.85 (print)	€ 2,773,080
Total	44.8	448,000,000		€ 4,826,850

THE SECRET MEDIA BUDGET

Looking at the total products sold in a category over a year, it becomes evident how enormous the value of packaging is for advertising when calculating the media equivalence value.

The term "equivalence value" is used as this value can only be compared with certain limitations. The touchpoints for cartons are projected gross reaches which are based on a modelling approach and not a measurement. Nonetheless, it is worth looking at the overall figures as they demonstrate the dimension that carton packaging is contributing to the success of marketing.

TOTAL TOUCHPOINTS AND MEDIA EQUIVALENCE VALUE FOR FIVE PRODUCT GROUPS IN 2014



Example



A SAMPLE CALCULATION FOR CHOCOLATES SHOWS HOW THE TOUCHPOINTS ADD UP

The various steps are summarized here using the product segment of chocolates as an example. Over a three-month period, the Germans purchase an average of 2.2 boxes of chocolates. 1.6 of these are packed in cartons. As products in this segment are seldom repacked and often remain in view, they achieve a great many touchpoints, particularly in-home: 38.4 pure visual contacts and an additional 10.6 tactile contacts. Together with the 4.8 contacts reached in-store, this results in 53.8 Touchpoints!⁴

⁴ 53.8 average touchpoints with boxes of chocolates for one person over three months



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TOTAL CONTACTS FOR CHOCOLATES



MANY TOUCHPOINTS ADD UP TO A HIGH MEDIA VALUE

As already shown, the total number of touchpoints needs to be divided by the number of 1.6 cartons purchased on average over the three-month period. In this product segment this results in 33.6 touchpoints per carton: 25.0 pure visual contacts and an additional 8.6 tactile contacts.

For all 484 million products sold in cartons in 2014, this results in 16.3 billion touchpoints: close to 12.1 billion pure visual contacts and 4.2 billion tactile contacts. By applying the average billboard TCP of EUR 6.52 to the visual contacts, this results in a media equivalence value of EUR 78.9 million. The average print TCP of EUR 20.85 gives a media equivalence value of EUR 87.1 million for the tactile contacts. The sum of all touchpoints together amounts to a media equivalence value of EUR 166.0 million – a value achieved by all chocolates sold in boxes over a period of twelve months.

CALCULATION FOR THE CHOCOLATES PRODUCT GROUP OVER TWELVE MONTHS

	Contacts per box	Number of touch-points of all boxes	TCP billboard/print	Media equivalence value of all boxes
Visual contacts	25.0	12.1 bn	6.52 € (billboard)	78.9 m €
Tactile contacts	8.6	4.2 bn	20.85 € (print)	87.1 m €
Total	33.6	16.3 bn		166.0 m €

A major contribution to the success of marketing

THE STUDY PROVIDES SIGNIFICANT INSIGHTS

The importance of many communication channels, led by the classical mass media such as TV, billboard or print advertising, lies in their reach performance: as many consumers as possible in a target group should be addressed. The Touchpoint Study 2015 now for the first time provides numbers on the reach of cartons and delivers key indices for packaging's contribution to the success of marketing.

- The total number of all contacts achieved by carton packaging in selected product groups over its lifecycle (gross reach) varies among product groups but is consistently very high.
- The media equivalence value, which delivers a solid value for this gross reach, provides a basis for comparison with other communication channels.
- The average contacts (OTS) per carton in each of the 16 examined product areas provide information on their use by consumers.
- Cartons achieve pure visual contacts and – particularly for products used regularly in the household - a considerable number of tactile contacts. Touchpoints in the true sense of the word.





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THE STUDY PROVIDES CUSTOMER BENEFITS

The Touchpoint Study 2015 provides enormous benefits: not only does it give greater insights on how consumers handle cartons both in-store and in-home, but the formula for the media equivalence value also provides a realistic basis for calculation purposes. This increases the value attributable to each product packaging. For the first time this allows brand owners and marketing managers to compare packaging in relation to its communication performance. Insights on the use of cartons by customers provide additional information for the relevance of packaging design – especially from a brand communication point of view.

Packaging has so far been underestimated as an advertising and communication medium. The Touchpoint Study 2015 gives us insights on the million-fold contacts and the value of cartons. Now we should talk to the consumer about the communication quality of this channel. Design, printing and finishing are crucial aspects. We need to improve packaging design, create attention at the Point of Sale and gain the loyalty of customers long-term. There is no other advertising medium with which consumers have longer or more intense contact. This is a strength we should exploit.

A comparison of 23 media

This study is the logical sequel to the previous study “Packaging, a medium with considerable power”. This is the first study to investigate the power of packaging at the Point of Sale as well as in-home in direct comparison to other marketing communication media and channels.

For the first time, concrete numbers have confirmed that cartons are more than mere packaging: they are a marketing instrument in their own right and comparable with TV, newspapers or the Internet. On the one hand, the media-relevant contacts of the individual consumer are quantified in terms of packaging and put into perspective of other advertising media. On the other hand, the potential of packaging in achieving marketing and advertising objectives is calculated.

Similar to the “Touchpoint Study 2015”, this study was conducted by PointLogic International Media Consultants on behalf of Pro Carton and FFI. Together, both studies provide facts and figures and highlight the role packaging plays in the media mix.

Roland Rex, President of Pro Carton, summarises: “The numbers clearly show that packaging is as much a part of marketing planning and the marketing budget as the other media. Packaging is not just a medium among many, but one of the most effective. This is where cartons come into their own, and furthermore, cartonboard is the most sustainable packaging material.”

The study can be downloaded as a PDF at www.procarton.com under publications. A printed 16-page summary can be ordered free of charge either in English or German from Suzanne McEwen, Pro Carton: mcewen@procarton.com





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