

## ENVIRONMENTAL CONCERNS: THE IMPACT ON BEVERAGE AND PACKAGE DECISIONS



**July 2010**  
**BeveragePulse.com**

A product of:

Concept Catalysts, Inc.  
and  
iModerate Research Technologies

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## WHAT IS BEVERAGEPULSE.COM?

### CONSUMER INSIGHTS FROM CONCEPT CATALYSTS AND IMODERATE

BeveragePulse.com is the product of collaboration between Concept Catalysts, Inc. and iModerate Research Technologies. We saw a need for relevant, high quality, and affordable insights into what drives consumer purchase and consumption of packaged beverages. We look at consumers' preferences, what really drives purchase behavior and the implications for the future. These consumer insights together with market analysis and an understanding of value chain profitability can provide companies in the packaging and beverage value chain with a clear understanding of the current market dynamics and a clearer picture of what the future holds. What we know is that all too often companies and individuals don't have access to these critical consumer insights and often have misconceptions about how their products are viewed by consumers. The main barrier in many cases is the cost of custom research. Our intent is to break down this barrier by offering relevant, high quality, and affordable consumer insights through our multi-client model.

### CONSUMER 'MYTH BUSTERS'

We all hear and read a lot in the popular media about environmental concerns, obesity and health concerns, economic hard times, changing shopping behavior and consumer preferences. How do we know how to weigh all these issues and understand how they are impacting our business today and into the future? We intend to quantify and provide a deeper understanding of how these issues impact packaged beverage purchase and consumption and to do some 'myth busting' along the way. You may not always hear what you want to hear about your package or beverage; our commitment is to provide the unbiased facts to a broad range of clients.

### WE NEED YOUR INPUT

This current study looks at the impact that consumers' environmental concerns have on their packaged beverage purchase and consumption behavior. We expect that the information and insights will be of value to you and will enhance your understanding of the business. We are offering this study free with the intent to begin an ongoing relationship. We would love to hear from you. Give us feedback on this study, your suggestions on topics you would like to see covered in our upcoming studies, and any 'myths' you would like to see us take on. Please send a quick email to [bob@beveragepulse.com](mailto:bob@beveragepulse.com) after you have read this study. We will read and respond promptly to your comments and requests.

Thanks, we hope to hear from you,

Bob Falkenberg, President – Concept Catalysts, Inc.

Jen Drolet, VP Client and Moderating Services – iModerate Research Technologies

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## METHODOLOGY

We conducted N=521 quantitative interviews and N=40 one on one chat sessions from June 6<sup>th</sup> through June 11<sup>th</sup>, 2010 for this wave of the Beverage Pulse. Respondents were men and women, ages 18+ from across the country who qualified as primary grocery shoppers. The margin of error for the quantitative study is +/- 4.29 at the 95% confidence level and is higher for subgroups.

### ABOUT THE iModerate PROPRIETARY METHODOLOGY

iModerate's methodology gives researchers the ability to seamlessly intercept respondents in real-time for a live, one-on-one discussion within an online survey environment.

Specifically, survey respondents who match the criteria set forth before project launch are intercepted at a specific point while in the survey environment, typically at the end of the survey. They are engaged by one of

iModerate's professional moderators in an IM-based environment for a 15-20 minute text-based discussion in which the moderator probes deeply around a few key points. At the conclusion of the session, respondents simply advance to complete any remaining survey questions. This methodology provides a hybrid approach that infuses a qualitative element into a quantitative initiative to provide deeper understanding on critical issues.



For this study, all respondents were eligible for the qualitative, deep-dive chat sessions. In the report, please note that each quote is attributed with the following demographic and attitudinal information based on how they answered questions in the survey:

Level of concern with environmental issues, Most important environmental concern w/ packaged beverages, Which beverage is most sustainable, Spill in Gulf Influence, Gender, Age

Example:

 Somewhat concerned, Recycling, Plastic bottles, Somewhat greater, Female, 25-34

## EXECUTIVE SUMMARY

This is the first in a series of studies that will seek to provide a greater understanding of the key factors that influence the purchase and consumption of packaged beverages. A comprehensive baseline study was conducted last year that looked at the key drivers of purchase and consumption, drinker demographics, need states, occasions, package (primary and secondary) preferences, and package likes and dislikes. The study also looked at the key drivers of change in consumption for each of the categories and trading of volume between categories. This study and those that follow will investigate important topics in more detail and provide a means to track changes in consumer attitudes over time. We will also seek to validate or disprove and quantify some of the common beliefs that are talked about frequently in the popular media and trade press. We chose to look at consumer perceptions of environmental issues and their impact on packaged beverage purchase and consumption because it is a topic that is receiving a lot of attention from the media, the beverage industry, retailers, and consumers.

Consumers are very concerned about environmental issues and the recent Gulf of Mexico oil spill has heightened those concerns. Environmental issues have remained top of mind for consumers even through these difficult economic times. Consumers have a pretty good understanding of what it means for something to be “environmentally friendly” but struggle mightily with the term “sustainable” (with almost half struggling with its meaning). Many respondents admitted they did not know what it meant and many had misconceptions. Most had something to do with the package being sturdy and durable. Many expressed that if something is sustainable then it does not decompose and is bad for the environment.

Concerning packaged beverages, our respondents told us that the most important environmental issues are recycling and minimization of waste going to landfills. Not surprisingly they also indicated that the most important attributes of an environmentally friendly package are high recycle rate, high recycled content, and to a lesser extent the use of renewable materials.

Environmental issues are playing a role in changes in purchase and consumption behavior. The greatest impact is on bottled water. Respondents indicated that it is more important that environmental issues be addressed for bottled water compared to other categories. About an equal number of respondents said they are buying more and less bottled water today compared to a year ago. The main reason for buying more was for health reasons and the main reason for buying less was environmental reasons and to a lesser extent economic reasons. Based on the survey, changes in purchase and consumption of carbonated soft drinks (CSD) and other packaged beverages (juice, tea, sports drinks, energy drinks, enhanced water, etc.) were more dependent on health concerns and economics. Fewer respondents in this study indicated they were buying less CSD to save money than in the survey we conducted last year. Health concerns related to CSD continue to garner a lot of headlines and are influencing consumers to switch to bottled water or other packaged beverages or to tap water.

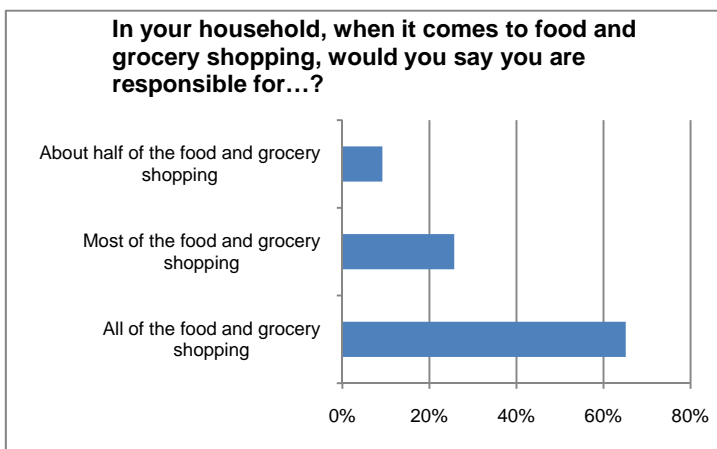
Environmental issues also play a role in package purchases. Environmental reasons and convenience were cited as reasons by those respondents that indicated they are buying more cans today than a year ago whereas those who are buying less cans cited health and economic reasons, this is mostly CSD driven. The situation is opposite for plastic and glass. Environmental reasons were cited by respondents as reasons they are buying less plastic and glass bottles.

In summary, consumers are concerned about environmental issues and that concern is growing. The biggest impact today is in the bottled water category and on plastic bottles. We believe that these issues will continue to gain traction and have a greater influence as the economy improves. We will be tracking this in future studies.

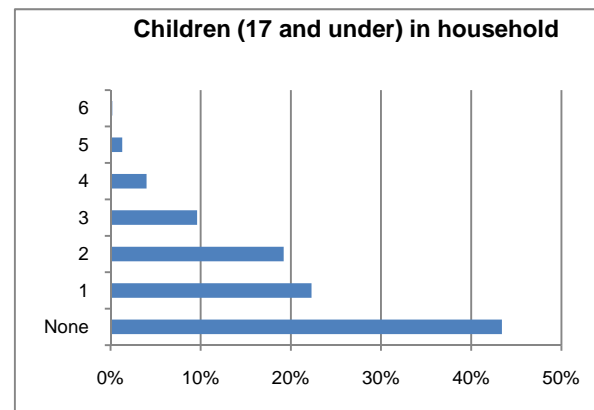
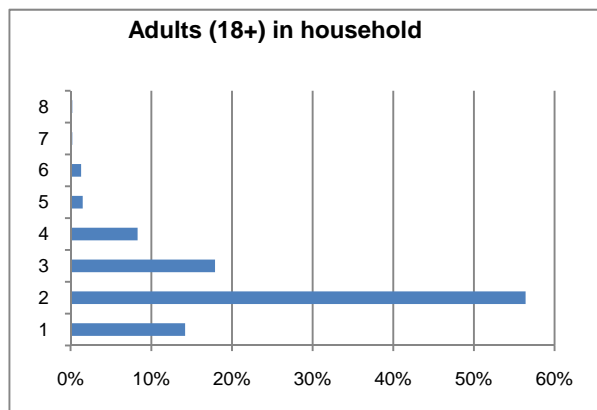
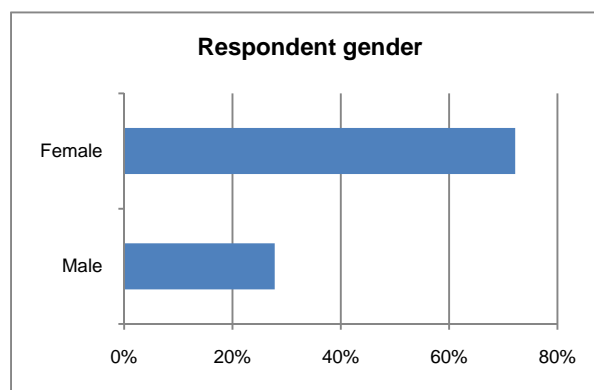
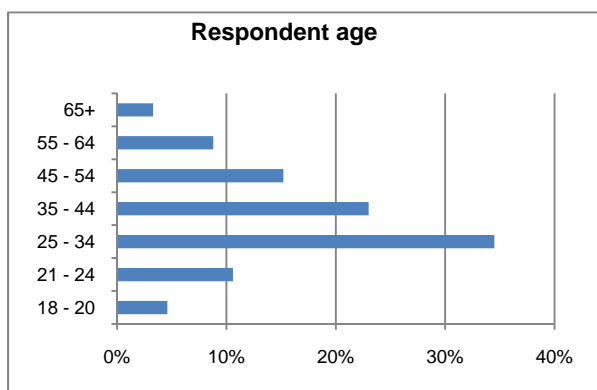
## MAIN FINDINGS

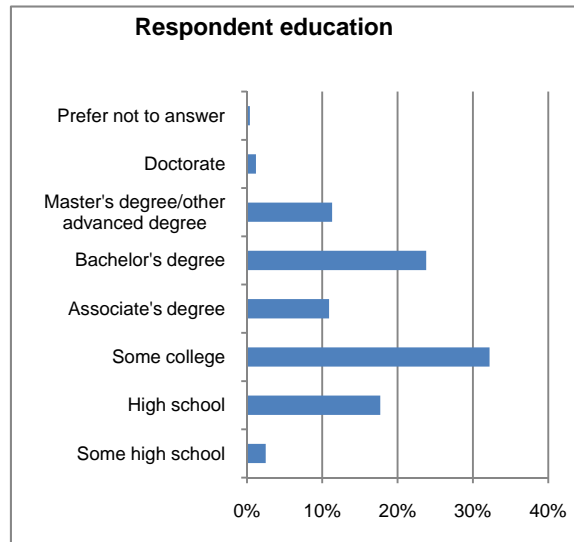
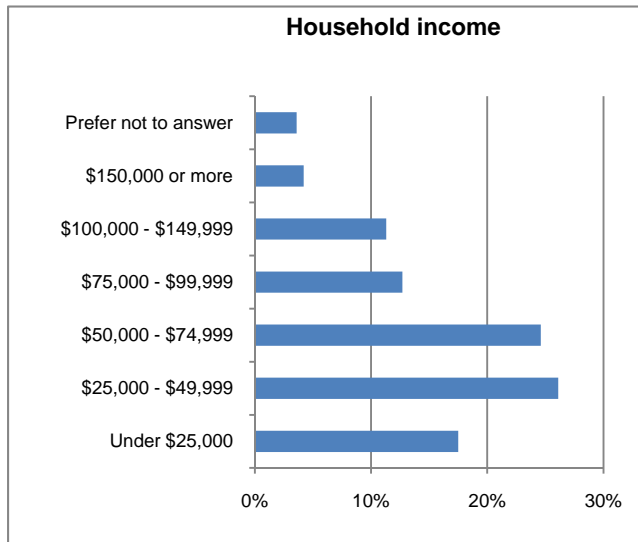
### SURVEY DEMOGRAPHICS

Our primary objective was to understand purchase behavior so we focused on primary household shoppers. All of our survey respondents are responsible for at least half of their household's food and grocery shopping. Most of our respondents are responsible for most or all of the household food and grocery shopping.

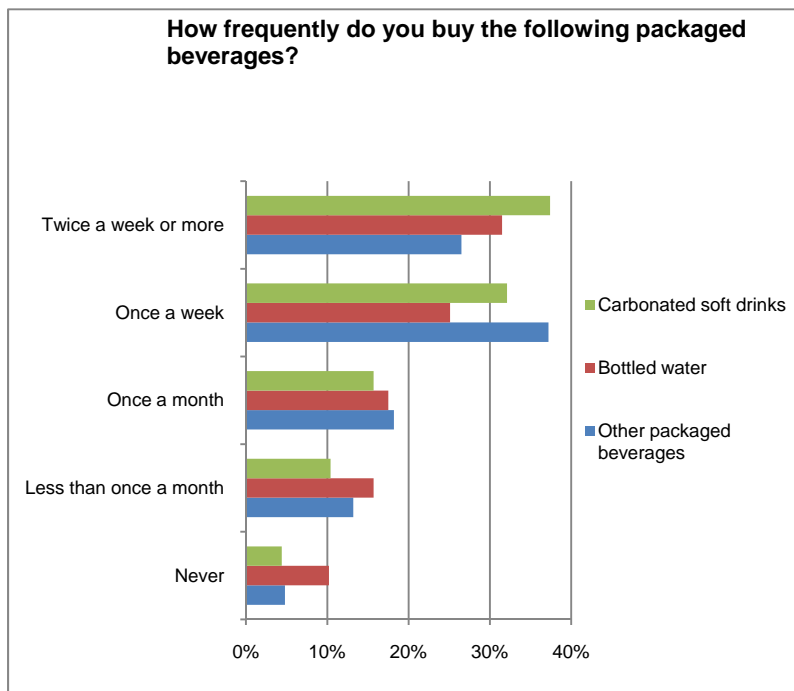


The charts that follow detail the demographics of the consumers in our survey. The respondents are a representative sample of U.S. primary shopper demographics.





## OVER 50% OF CONSUMERS PURCHASE PACKAGED BEVERAGES AT LEAST ONCE PER WEEK

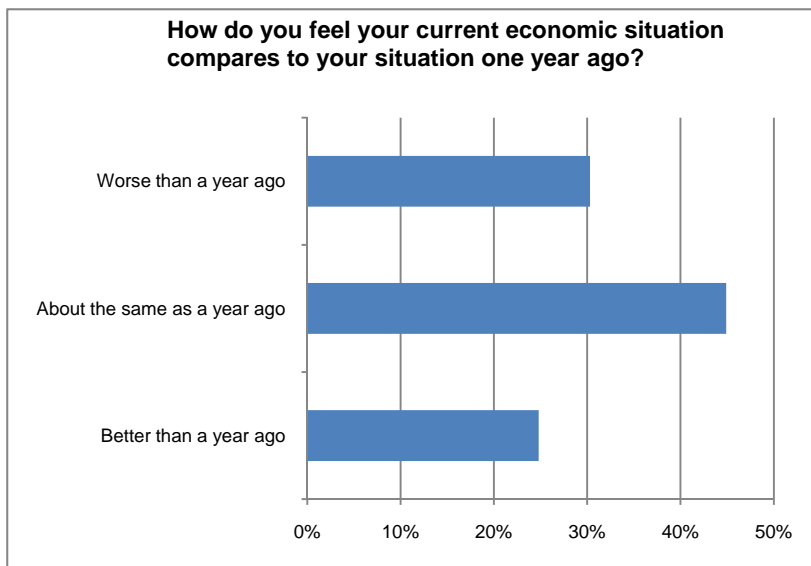


Most of the respondents purchase packaged beverages weekly or more frequently: 60% purchase CSD; 57% bottled water; and 64% other packaged beverages. More males (45%) than females (35%) purchase CSD more than once a week. The same gender skew applies to bottled water, 40% of male respondents and 28% of female respondents indicated they purchase bottled water twice a week or more. There was also an age skew in the bottled water results: younger respondents were more likely to purchase twice a week or more.

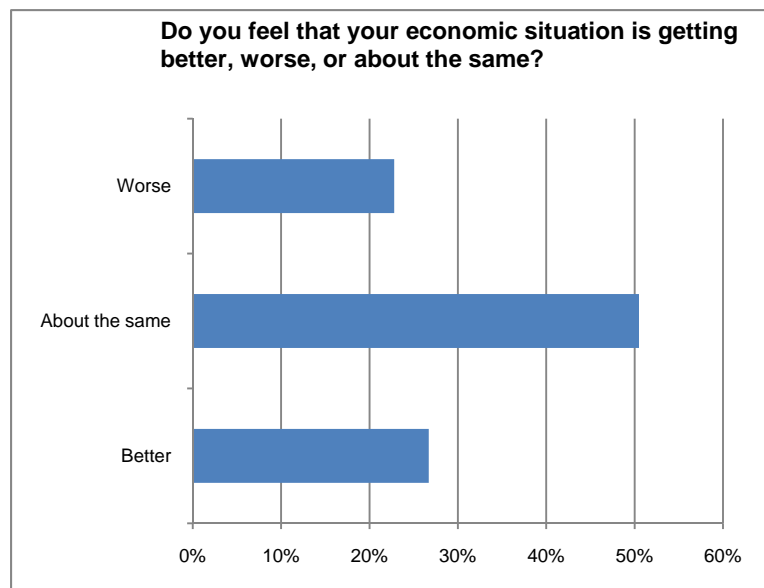


## CONSUMERS ARE STILL FEELING THE PAIN FROM THE WEAK ECONOMY

We asked questions to understand consumers' mindset on the state of the economy and its influence on their beverage package purchase and consumption decisions. Nearly a third (30%) of respondents indicated that they are worse off today than they were one year ago while 25% indicated that they are better off now. Those who indicated they are worse off

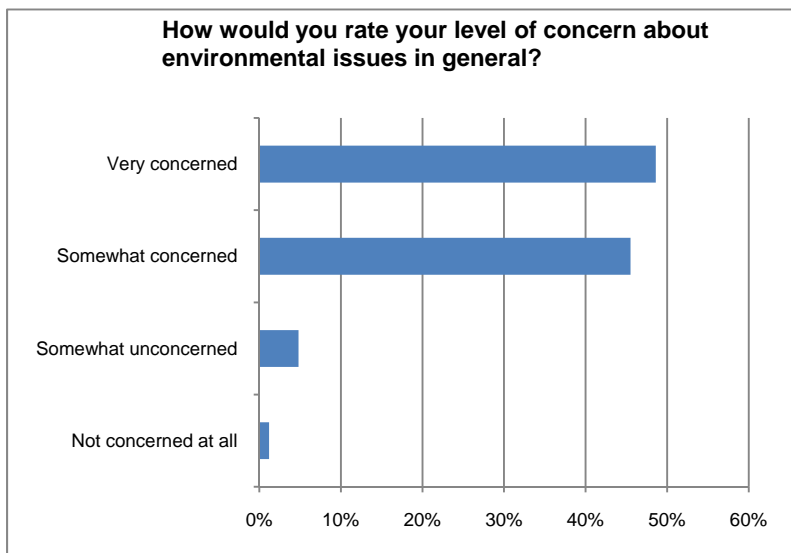


now skewed older (45+), less educated (less than a college degree), and more likely to be unemployed. Those who indicated that they are better off now skewed younger (less than 45), more educated and more likely to be employed full time.



We asked whether their economic situation was getting better or worse: 27% of respondents indicated getting better while 23% indicated that their situation is still getting worse. Those who indicated that their economic condition is getting better tended to be more male, younger (under 45), higher income, and more likely to have a college degree. Respondents who indicated that their economic situation is getting worse tended to be older (45+), lower income, and less educated.

## THE MAJORITY OF CONSUMERS ARE CONCERNED ABOUT THE ENVIRONMENT



Even in these difficult economic times consumers have maintained their focus on the environment. In the survey, 94% of respondents indicated that they are very or somewhat concerned about environmental issues. Almost half (49%) indicated that they are very concerned.

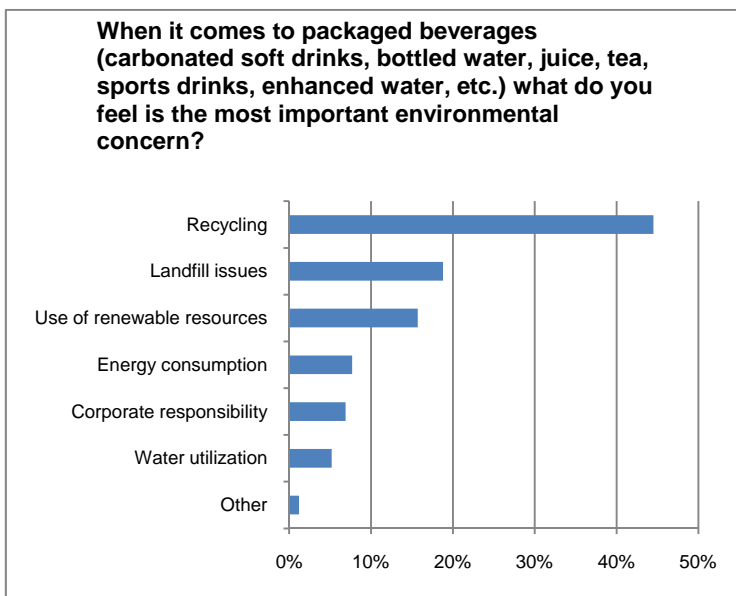


## RECYCLING IS BY FAR THE MOST IMPORTANT ENVIRONMENTAL ISSUE WHEN IT COMES TO BEVERAGE PACKAGING

Recycling was cited most frequently (45%) as being the most important environmental concern when it comes to packaged beverages. The related issue of landfills was second and use of renewable resources was third.




In the qualitative chats, some respondents indicated that recycling is the best way to reduce waste and the need for landfills. They thought that recycling allows existing products to be reused. Others noted that reusing bottles and cans through recycling is important because it helps save natural resources given that fewer new bottles and cans would need to be produced. Examples include:



Mod: When asked what you feel is the most important environmental concern when it comes to packaged beverages, you responded, 'Recycling'. Talk to me about what makes this important.

Guest: Recycling is very important to the environment because it creates less waste in the land fills, and if it is a material that can be recycled and reused then it is all that much better in producing less waste to the environment.

 Very concerned, Recycling, Plastic bottles, Much greater, Female, 45-54




Mod: In the survey, when asked what you feel is the most important environmental concern when it comes to packaged beverages, you said recycling. Talk to me about what makes this most important.


Guest: This means we can use less resources to produce new product.

Mod: And what makes this so important to you -- to use less resources to produce new products?

Guest: This is important so that we can conserve resources to use for the future and for other things and maybe help keep costs down.

 Somewhat unconcerned, Recycling, Cans, Have not changed, Male, 35-44

Guest: I just feel that it is important that our generation and the ones to come should pay attention to the amount of resources we're destroying. Recycling will help eliminate that.


 Somewhat concerned, Recycling, Plastic bottles, Somewhat greater, Female, 25-34

Mod: When asked what you feel is the most important environmental concern when it comes to packaged beverages, you said, 'Recycling'. Talk to me about what makes this important.

Guest: Because, I feel like we need to recycle as much as possible because the landfills are already too large. It is our children that have to live in this world and I have five plus five stepchildren and I do not want any of them to suffer because of our mistakes. I may not know a lot about the 'big' words and exactly what they mean, but I do know I try to help in some ways to help the environment because my children have to live here when I am gone.

 Somewhat concerned, Recycling, Glass bottles, Much greater, Female, 25-34

Guest: I just feel that it is important that our generation, and the ones to come, should pay attention to the amount of resources we're destroying.

 Somewhat concerned, Recycling, Plastic bottles, Somewhat greater, Female, 25-34


The second concern, related to recycling, was how the waste from bottles and cans continue to pile up in landfills and contaminate the environment. Respondents also negatively noted the length of time beverage packaging seems to need to biodegrade or decompose once in a landfill. Three guests said in their individual chats:

Mod: Switching gears slightly... in the survey, when asked what you feel is the most important environmental concern when it comes to packaged beverages, you said, 'Landfill issues.' Talk to me about what makes this important.

Guest: Landfills smell and attract disease and last for generations. You can not use this land with out getting sick. Look at Staten Island, NY. Yuck!

 Very concerned, Landfill issues, Glass bottles, Much greater, Female, 45-54

Guest: My concerns are the plastic bottles that are filling our landfills. Plastics are made of chemicals and do not breakdown.

 Very concerned, Landfill issues, Cans, Much greater, Female, 35-44

Guest: There are a lot of products that end up in landfills which I do not feel is good for our environment as it contaminates space and the earth.

 Somewhat concerned, Landfill issues, Plastic bottles, Somewhat greater, Female, 45-54

Some respondents indicated that current levels of energy consumption are untenable and irresponsible. Specifically, they were concerned with the overuse of energy contributing to pollution and oil dependence. They expressed a fear that there is not enough desire to curb our oil consumption habits or enough preparation to meet energy demands once oil resources are depleted.

Mod: Switching gears slightly, in the survey, when asked what you feel is the most important environmental concern when it comes to packaged beverages, you said, 'Energy consumption'. Talk to me about what makes this important.

Guest: I think that a lot of people don't think of energy consumption as continuing along with the life of the product. Energy consumption doesn't stop when the product is finished in the factory. It takes energy to deliver it to the store, for me to get there to buy it, to earn the money to pay for it, to bring it home and then to recycle it. The recycling trucks use energy and so does the recycling process. Then the fact that most of our recycled material is shipped to China takes a huge amount of energy. I think that we need to find a way to make this whole process less of an energy burden.


Mod: What are you concerned will happen if the energy consumption does not decrease?

Guest: That we will pollute the planet beyond repair. And that we will not use our resources wisely. I am afraid that in 80 years we will be all out of oil and not have planned on how to live without it.

 Very concerned, Energy consumption, Glass bottles, Somewhat greater, Female, 35-44

Mod: Switching gears slightly, in the survey, when asked what you feel is the most important environmental concern when it comes to packaged beverages, you said, 'Energy consumption'. Talk to me about what makes this important.

Guest: The recent events in the Gulf of Mexico have made it perfectly clear that oil-dependency must be stopped immediately and alternative energy sources must be utilized and the switch needs to be a top priority.


 Very concerned, Energy consumption, Glass bottles, Much greater, Female, 35-44

Mod: Switching gears slightly, in the survey, when asked what you feel is the most important environmental concern when it comes to packaged beverages, you said, 'Energy consumption.' Talk to me about what makes this important.

Guest: We overuse energy in this country and it contributes to pollution.

Mod: What is it about energy consumption that makes you rate this as more important than the other concerns listed?


Guest: The overuse of energy is getting out of hand.

 Somewhat concerned, Energy consumption, Plastic bottles, Somewhat greater, Male, 35-44


‘Corporate Responsibility’ was also an important concern for some respondents. They were worried that corporations are more concerned with profits than the environmental impact of the products they produce. Further, these respondents felt that it is the duty of corporations to act in an environmentally conscientious way. Three said:

Mod: In the survey, when asked what you feel is the most important environmental concern when it comes to packaged beverages, you said, ‘Corporate responsibility.’ Talk to me about what makes this important.


Guest: Corporate responsibility is more than about the environment, it is about how the corporation take responsibility for helping society.

 Very concerned, Corporate responsibility, Glass bottles, Much greater, Female, 21-24

Guest: As a consumer I would like the products that I buy and use to be the least harmful to our earth and environment as possible. I also think that the companies that make products for our consumption are more concerned with profit than sustaining our environment.

 Very concerned, Landfill issues, Cans, Much greater, Female, 35-44

Guest: I think the corporations that produce, bottle, distribute need to be at the forefront to taking responsibility for environmentally and sustainable products. We are the consumer, we consume what they produce, if they do a better job we can only help. If we get no say in what they do, we can't do any better with what they give us to work with.

 Somewhat concerned, Corporate responsibility, Plastic bottles, Have not changed, Female, 45-54

A few respondents mentioned that water utilization is their greatest environmental concern with packaged beverages, and therefore most important. These respondents noted the importance of appreciating that water is a vital resource that should be protected and conserved.


Mod: When asked what you feel is the most important environmental concern when it comes to packaged beverages, you said, ‘Water utilization.’ Talk to me about what makes this important.

Guest: I think its best for us to take care of the water supply because that is what we drink the most and we need it for many useful household and other purposes.

 Somewhat concerned, Water utilization, Cans, Much greater, Female, 18-20

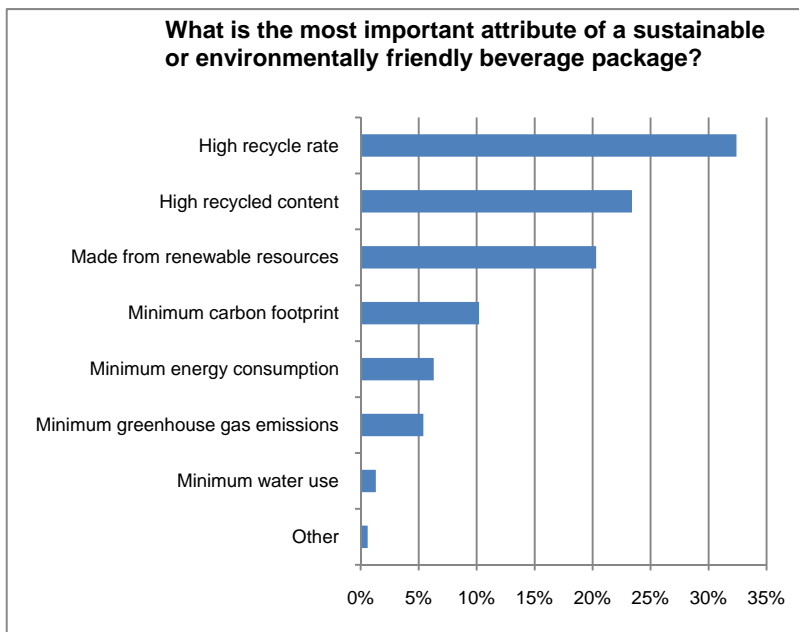
Mod: Switching gears slightly, in the survey, when asked what you feel is the most important environmental concern when it comes to packaged beverages, you said, ‘Water utilization.’ Talk to me about what makes this important.

Guest: I live in Arizona. Anything that saves water is important to me! We have no natural water table here. Water utilization in any form is important to me.

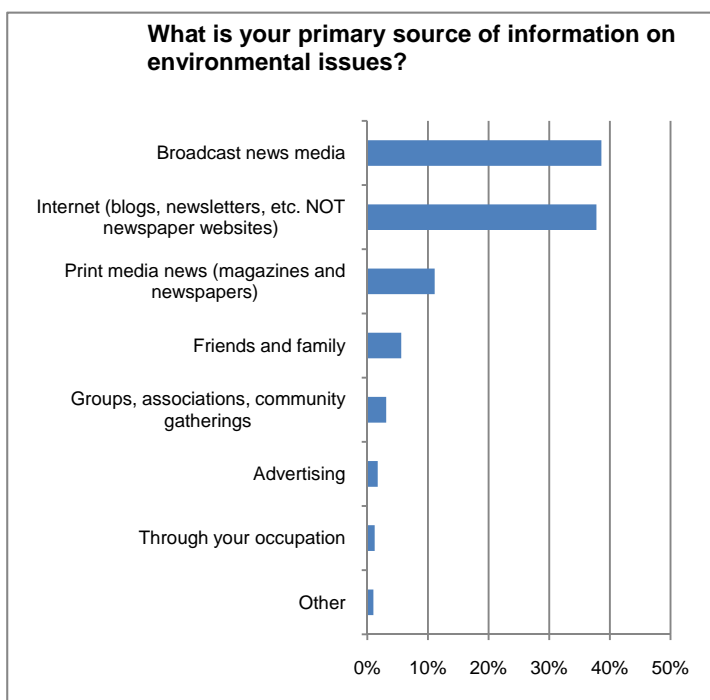
 Somewhat concerned, Water utilization, Plastic bottles, Somewhat greater, Male, 25-34

## RECYCLE RATE AND RECYCLED CONTENT ARE THE MOST IMPORTANT ATTRIBUTES OF AN ENVIRONMENTALLY FRIENDLY BEVERAGE PACKAGE

The majority of respondents (56%) indicated that recycling rate or recycled content is the most important attribute of a sustainable or environmentally friendly beverage package. Use of renewable resources, carbon footprints, energy consumption, greenhouse gas emissions, and other issues were cited less frequently as being most important. Respondents were forced to choose *one attribute that is most important*.

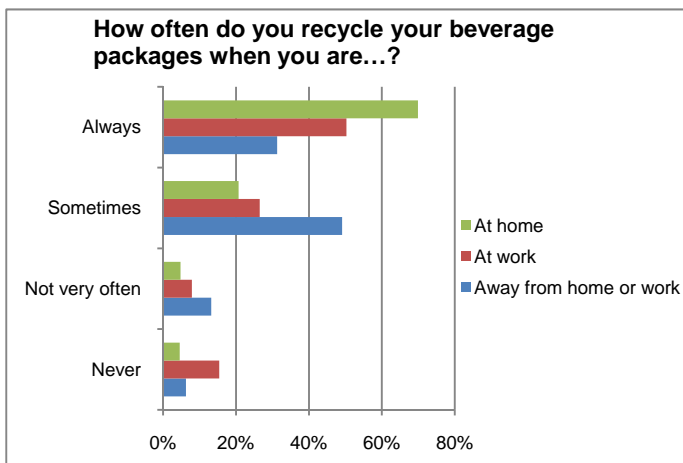


## CONSUMERS GET MOST OF THEIR INFORMATION ON ENVIRONMENTAL ISSUES FROM THE INTERNET AND BROADCAST NEWS MEDIA



We thought it would be helpful to understand where consumers get most of their information on environmental issues. It is no surprise that broadcast news media and the Internet are the primary sources. The gulf oil spill is currently dominating the news. Consumers are shunning traditional magazines and newspapers and relying more heavily on the Internet for news and opinions. Younger respondents (under 45) were much more likely to rely on the Internet while older consumers were more likely to rely on the broadcast news media. Some companies use advertising to get their message out, it doesn't appear that ads are a primary source of information on environmental issues.

## CONSUMERS ARE MUCH LESS LIKELY TO RECYCLE THEIR BEVERAGE PACKAGES WHEN AWAY FROM HOME OR AT WORK



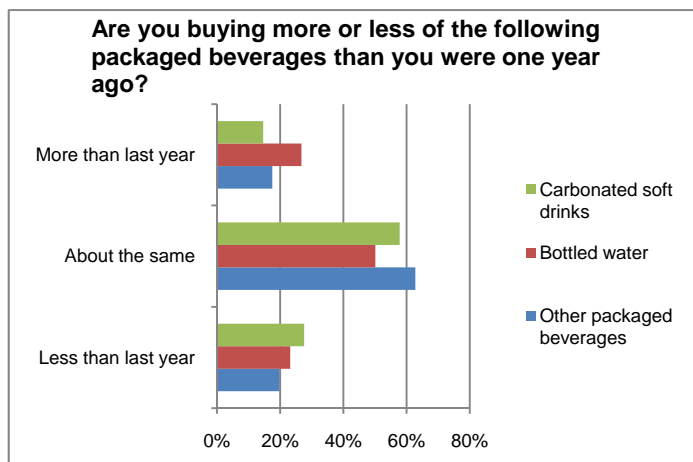
So how does the importance of recycling affect recycling behavior? Most of our respondents report recycling their beverage packages at home. Far fewer recycle at work or away from home or work. Respondents with college degrees recycle more often at work than those with less education. Perhaps office workers are more likely to recycle their beverage packages. There appear to be huge opportunities to increase the recycle rate, particularly away from home.

## ENVIRONMENTAL CONCERNS HAVE A MUCH GREATER IMPACT ON BOTTLED WATER PURCHASES

In order to understand how beverage purchases are changing, we asked our respondents if they are buying more, about the same, or less than they were one year ago. If they indicated a change in purchase behavior, we asked for their main reason for the change.

### CARBONATED SOFT DRINKS (CSD)

More than a quarter (28%) of respondents indicated that they are buying less CSD now compared to one year ago. The most frequently cited reason for the change was 'health reasons' (71%); another 21% cited economic reasons. In a 2009 survey we conducted, the percentage of respondents citing economic reasons was much higher. Environmental issues do not play much of a role in the decision by respondents to buy less CSD. The decline in CSD purchases appears to be offset to some degree by respondents who are buying more CSD, mainly for economic reasons. Presumably these respondents have traded down from more expensive beverages.



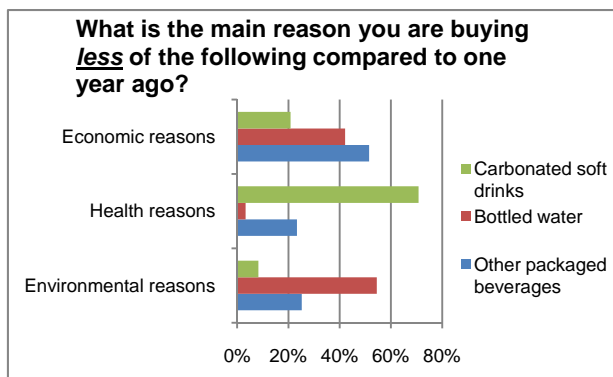
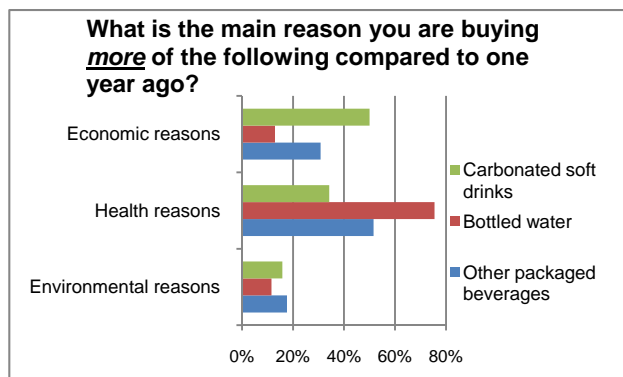


## BOTTLED WATER

A roughly equal percentage of respondents indicated they were buying more (27%) and less (23%) bottled water compared to one year ago. The main reason for buying more was for health reasons and the main reasons for buying less was for environmental (55%) and economic reasons (42%). Higher income consumers (\$100K+) were much more likely to cite environmental reasons for buying less and lower income respondents were more likely to cite economic reasons.

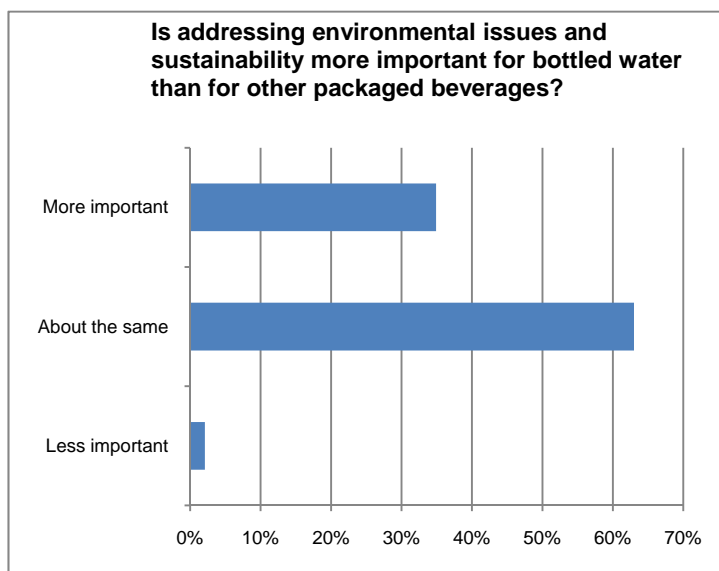
## OTHER PACKAGED BEVERAGES

A roughly equal number of respondents indicated that they were buying more (18%) and less (20%) of other packaged beverages compared to one year ago. Health reasons were most frequently cited by those buying more and economic reasons by those buying less. There were no significant demographic skews in the responses.



## ADDRESSING ENVIRONMENTAL ISSUES IS MORE IMPORTANT FOR BOTTLED WATER

Much has been written about the decline in sales, or decrease in sales growth, of bottled water due to environmental concerns. To understand this better we probed respondents specifically about bottled water by asking if addressing environmental issues and sustainability is more important for bottled water than for other beverages. A surprising 35% of respondents indicated that it is indeed more important for bottled





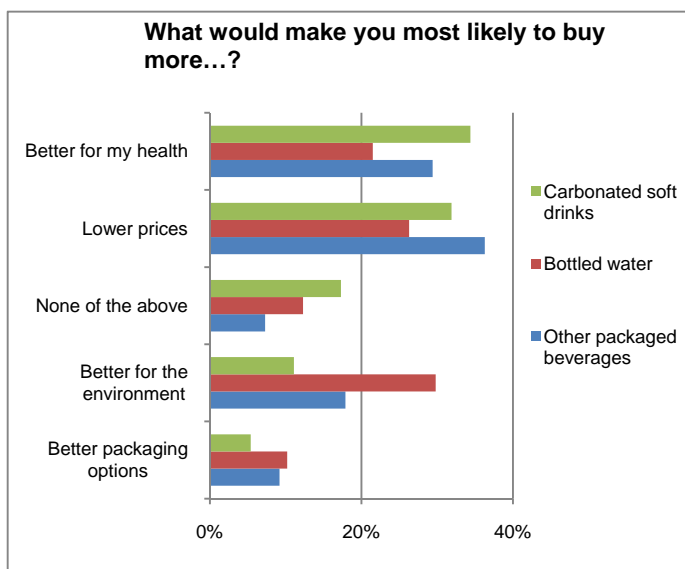
water to address environmental issues. Considering that respondents indicated that they get most of their information on environmental issues from the broadcast news media and the Internet this is not so hard to believe. Most of the criticism leveled at CSD is on the subject of obesity and overconsumption of 'sugary soft drinks'. Most of the criticism leveled at bottled water is concerning landfill issues, water conservation, and waste in general compared to tap water.

## THE KEY ISSUES THAT CAN POTENTIALLY DRIVE HIGHER SALES VOLUME VARIES SIGNIFICANTLY BY BEVERAGE CATEGORY

As expected, the key issues that can potentially drive higher sales also vary by category.

### CSD

Respondents indicated that they would buy more CSD if the prices were lower and if it was better for their health. Younger respondents (under 45) and higher income (\$50K+) were more likely to indicate they would buy more if it was better for them and lower income respondents were more likely to indicate lower prices would make them buy more.



### BOTTLED WATER

Respondents indicated that the factors most likely to influence them to buy more bottled water are: if it was better for the environment, lower prices, and health reasons.

OTHER PACKAGED BEVERAGES (juice, tea, sports drinks, enhanced water, etc.)


Respondents cited lower prices and health reasons as most likely to influence increased purchase of these other packaged beverages.




The qualitative chat sessions provided only a few insights into what might encourage respondents to buy more packaged beverages in the future. Many stated that they do not typically buy bottled water or beverages, therefore nothing would likely affect their purchasing habits. However, some did point out that, if anything, lower prices would be the most likely motivator. Two examples:

Mod: Now, when asked what would make you most likely to buy more carbonated soft drinks, you said, 'Lower price.' What makes this most important to you?

Guest: Because I have a low income, cheaper things are good.

 Somewhat concerned, Landfill issues, Glass bottles, Somewhat greater, Female, 21-24


Guest: The economy sucks, money is tight. Lower prices will make me buy more, and also spur the economy.

 Somewhat unconcerned, Recycling, Cans, Have not changed, Male, 35-44

A few respondents indicated that they might be encouraged to buy more packaged beverages if they knew the companies producing the products were demonstrably more environmentally friendly. Specifically they would like to see companies champion the reuse of bottles and use more recyclable packaging materials. Three said:

Mod: When asked what would make you most likely to buy more carbonated soft drinks, you said, 'Better for the environment.' What makes this most important to you?

Guest: If I know they reuse bottles, it would influence my purchase.


 Somewhat concerned, Energy consumption, Plastic bottles, Somewhat greater, Male, 35-44

Mod: What makes this the thing most likely to lead you to buy more carbonated soft drinks?

Guest: Knowing they are environmentally conscious makes a difference.

Mod: In what way would you like to see this improved?

Guest: Using seals that signify who reuse and what companies do not reuse.


 Somewhat concerned, Energy consumption, Plastic bottles, Somewhat greater, Male, 35-44

Mod: And how will this impact your purchases of different types of beverage packaging, like cans, plastic, or glass bottles?

Guest: I will purchase more environmentally friendly package for all my beverages and food as well.

Mod: And what do you feel is 'environmentally friendly' packaging?

Guest: Glass, less plastics, aluminum, any recyclable materials.

 Somewhat concerned, Use of renewable resources, Glass bottles, Somewhat greater, Male, 25-34

Unrelated to the environmental concerns or the economy, a few respondents mentioned that if packaged beverage products, both soft drinks and water, were better for their health, specifically in terms of more vitamins and less sugars, they may be motivated to increase consumption. Three said:

Mod: Along these same lines, when asked what would make you most likely to buy more bottled water, you said, 'Better for my health.' What makes this most important to you in terms of bottled water?

Guest: I drink water to cut down on the carbonated beverages and because I know it is better for me. So I would drink more if it had vitamins and minerals in there that I knew for sure would be better for my health. Or plain water that has the pollutions diluted out.


 Somewhat concerned, Recycling, Glass bottles, Much greater, Female, 25-34

Mod: When asked what would make you most likely to buy more carbonated soft drinks, you said, 'Better for my health.' What makes this most important to you?

Guest: I like my health.

Mod: In what way would you like to see carbonated soft drinks made better for your health?

Guest: Less sugar and toxins and more essential vitamins and minerals and natural ingredients.

 Somewhat concerned, Use of renewable resources, Cans, Somewhat greater, Female, 35-44

Guest: I think I would purchase more of the product in those containers if the products in them were healthier for me.

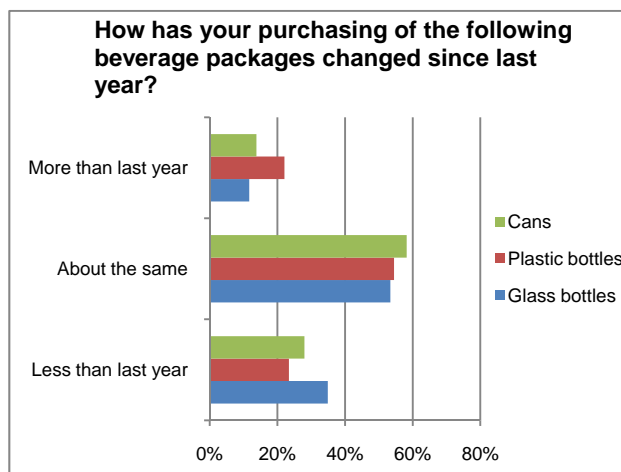
 Very concerned, Use of renewable resources, Plastic bottles, Much greater, Male, 45-54

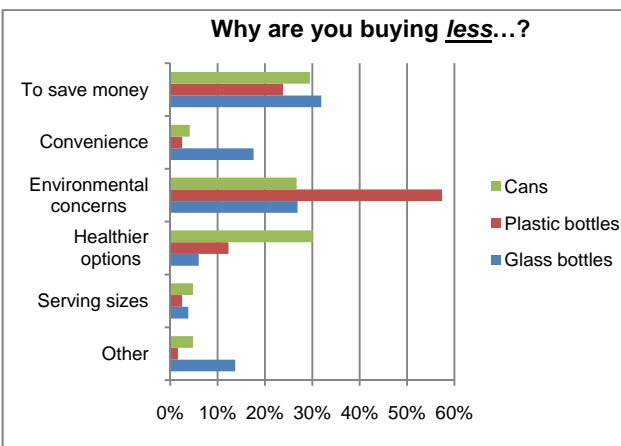
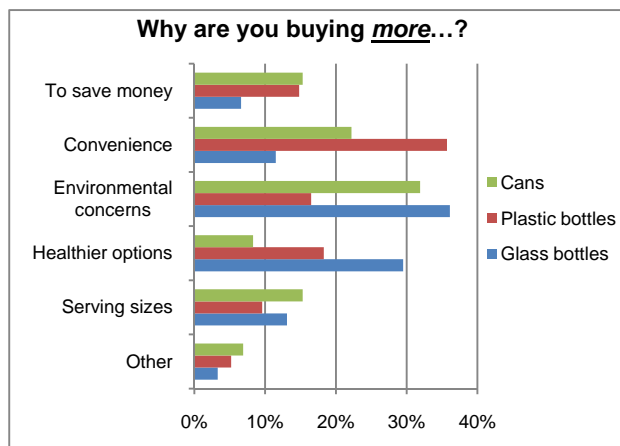
## CONSUMERS' BEVERAGE PACKAGE PURCHASES HAVE CHANGED FOR A VARIETY OF REASONS

Beverage package purchases have also changed compared to one year ago. A nearly equal number of respondents indicated that they were purchasing more and less plastic bottles compared to a year ago. When asked about cans and glass bottles, more respondents indicated they were buying less than indicated they were buying more.

### CANS

Those respondents who indicated they were buying more cans most frequently cited environmental concerns and convenience as the reason. Those who indicated they are buying less cited health reasons, saving money, and environmental concerns as the reason why.





## GLASS BOTTLES

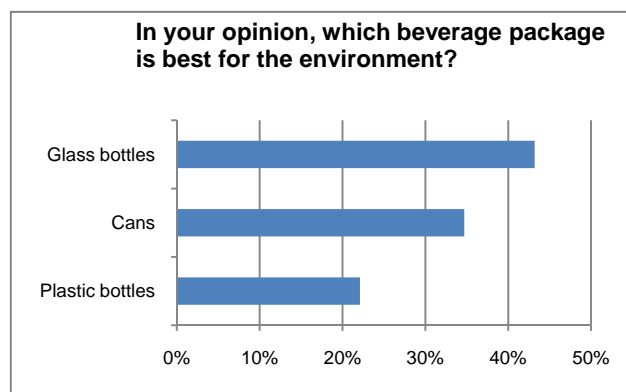
Respondents who indicated they were buying more glass bottles most frequently cited environmental concerns and health issues as the reason. Those who indicated they are buying less cited price and environmental concerns as the primary reasons.

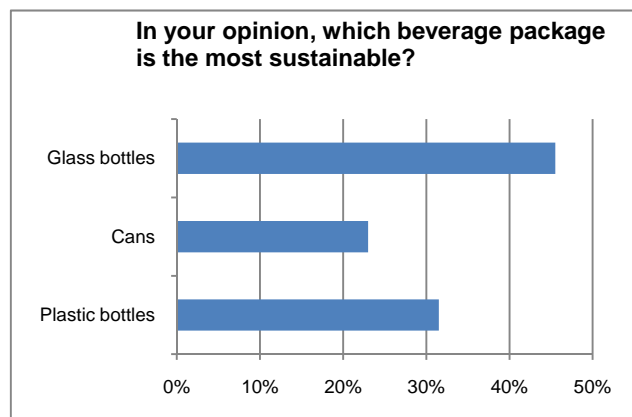
## PLASTIC BOTTLES

Convenience was the most frequently cited reason for buying more plastic bottles. “Environmental reasons” was the most frequently cited reason for buying less cited by a whopping 57% of those respondents who indicated they were buying less. The second most cited reason for buying less plastic bottles was to save money.

## RESPONDENTS INDICATED THAT GLASS BOTTLES AND CANS ARE BEST FOR THE ENVIRONMENT BUT ABOUT HALF OF ALL CONSUMERS HAVE NO IDEA WHAT ‘SUSTAINABLE’ MEANS

Respondents to the survey indicated that glass bottles are the beverage package best for the environment followed by cans then plastic bottles. When asked which package was most sustainable, plastic bottles jumped ahead of cans.





## WHAT IS SUSTAINABILITY?

After respondents selected which beverage package was most sustainable we asked an open ended question: ‘What makes (package selected in previous question) the most sustainable?’ Many of the respondents struggled with this question, here are some examples:

- Plastic is more sustainable but I do not use them because they stay around for years and years
- They do not decompose
- Non-breakable, sustains the fizz in carbonated drinks better than plastic
- It's plastic, it doesn't break like glass
- They are harder. They are less biodegradable
- They do not break when dropped on the ground
- More convenient
- They do not break or get crushed and usually does not go flat too fast
- They are more sturdy
- The materials used are hard to dispose
- I find they don't break as easy
- There cannot be a hole poked in them
- Oh come on...glass can survive for hundreds of years
- Cheap
- Sent to landfills
- Just seems they keep fresher
- They are hardier packaging than easy split open cans or plastic
- I like them because if you don't finish the drink all at once can always put the top back on and save it

Fully 46% of respondents either admitted that they did not know (23%) or indicated that it had something to do with the strength, durability, or unbreakable nature of the package (23%). Many respondents believed that it had to do with the ability to degrade in a landfill and that more sustainable was an undesirable quality because the package wouldn't break down in the landfill. Great caution should be exercised if you use ‘sustainable’ or ‘sustainability’ in communications with consumers.

We suspected that consumers might struggle with terminology, particularly the word 'sustainable' so in the qualitative chat sessions we dug a little deeper to try to understand how consumers define 'environmentally friendly' and 'sustainable'. Overall, respondents varied greatly on their definitions of the two terms. Some articulated that the two terms were independent, if not contradictory, while others revealed that they thought the terms were synonymous. Generally, respondents believed both terms, when featured on products or packaging, were descriptions of pro-environmental qualities and thus positive for the environment. Respondents were more confident in their general definitions of 'environmentally friendly' and less so in their general definitions of 'sustainable'.


Mod: In your opinion, what is the difference between something that is 'environmentally friendly' and something that is 'sustainable'?

Guest: They are both kind of the same to me. If it is recycled it is friendly and it sustains the environment.

 Very concerned, Landfill issues, Glass bottles, Much greater, Female, 45-54

Mod: To get things started... what do the terms 'environmentally friendly' and 'sustainable' mean to you?

Guest: Good for the environment.

 Very concerned, Recycling, Glass bottles, Much greater, Female, 25-34

Mod: In your opinion, what is the difference between something that is 'environmentally friendly' and something that is 'sustainable'?

Guest: Not real sure.

Mod: What makes this a little unclear to you?

Guest: Not real sure what sustainable means.


 Somewhat concerned, Landfill issues, Glass bottles, Somewhat greater, Female, 21-24

## SUSTAINABLE

The respondents had an overall mixed understanding of the term 'sustainable'. However, two general, yet contrasting, definitions of the term emerged to an almost equal extent. One definition given by respondents was that if a product is 'sustainable' it was produced without having a negative impact on natural resources.


Mod: In your opinion, what is the difference between something that is 'environmentally friendly' and something that is 'sustainable'?

Guest: Sustainable to me is something that is renewable and does not drain the Earth's natural resources.

 Very concerned, Landfill issues, Cans, Much greater, Female, 35-44


Mod: To get things started... what do the terms 'environmentally friendly' and 'sustainable' mean to you?

Guest: Sustainable makes me think more about the sources lasting and not being diminished from use.

 Very concerned, Otherlow carbon footprint overall, Glass bottles, Much greater, Female, 35-44

Mod: And then, what does sustainable mean?

Guest: Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

 Very concerned, Energy consumption, Cans, Much greater, Female, 25-34

The second general definition that emerged was that if a product is 'sustainable', then it is durable or can be used over and over again.


Guest: Sustainable means that they are can be used over and over, without any waste, and when needed to dispose can be recycled.

 Very concerned, Recycling, Plastic bottles, Much greater, Female, 45-54

Guest: Sustainable is a product that can be reused until it is unusable.

 Very concerned, Recycling, Plastic bottles, Much greater, Female, 45-54

Guest: Something that is sustainable means that it is durable and long lasting (not as disposable).


 Very concerned, Recycling, Glass bottles, Much greater, Female, 25-34

It is also worth noting that some respondents believed the term 'sustainable' to be negative and referred to something that is detrimental to the environment. This perception may stem from the fact that some understand 'sustainable' to be long lasting or not able to biodegrade or decompose, thus it would stay in the environment as waste for an undesirably long period.

Guest: Environmentally friendly is made better for the earth.

Mod: And how does that differ from something that is 'sustainable'?

Guest: Sustainable is worse for the earth.

 Very concerned, Corporate responsibility, Glass bottles, Much greater, Female, 35-44


Guest: Environmentally friendly means it will biodegrade faster, sustainable means it won't.

Mod: So, is being sustainable bad for the environment?

Guest: I would believe so. Yes.

Mod: Please elaborate on what makes you think this.

Guest: The word has sustain in it, indicating to me no change.

 Somewhat concerned, Water utilization, Plastic bottles, Somewhat greater, Male, 25-34

## ENVIRONMENTALLY FRIENDLY

Though their specific definitions varied, respondents were in overwhelming agreement that the term 'environmentally friendly' was generally a positive term. Some felt that if a product was 'environmentally friendly' it meant that it could be reused or recycled and not go to the landfill to sit as waste. Others believed the term meant that a product would not negatively impact or harm the environment.

Guest: Environmentally friendly means to be able to be reused and not sit in landfills.


 Somewhat concerned, Recycling, Plastic bottles, Somewhat greater, Female, 25-34



Guest: Environmentally friendly means it has less impact on the environment can be reused much like glass and aluminum. If we can reuse most of the stuff we create it would have less impact on all resources.

 Somewhat concerned, Recycling, Glass bottles, Much greater, Female, 55-64

Guest: Environmentally friendly is something that has little to no impact (negative) on the environment.

 Somewhat unconcerned, Recycling, Cans, Have not changed, Male, 35-44

In the qualitative chat sessions, when asked which beverage packaging (i.e., glass, plastic, or cans) was the most environmentally friendly and sustainable, all three types of packaging materials were selected by at least some respondents as the most environmentally friendly and sustainable material. However, the overall most positively perceived material was glass. It is worth noting that respondents were generally confident that the type of beverage packaging they chose for 'most environmentally friendly' was also the most 'most sustainable'. Only a few respondents chose different materials from one question to the next.

## GLASS BOTTLES

Glass bottles proved the most popular type of beverage package in terms of its perceived environmental friendliness and sustainability. The respondents believed that bottles are reused after cleaning as opposed to being melted down then reconstituted. Others believed glass itself was more durable (meaning sustainable to some), and was most able to be used over and over again.

Mod: When asked what kind of beverage package you feel is best for the environment, you chose Glass bottles, and said it is best because, 'They can be sanitized and reused.' Please elaborate on this for me.

Guest: We have our milk delivered from a local dairy. They bring the milk out in glass bottles and then when we use the milk up we send the bottles back. They sanitize the bottles and then reuse them. I would like to see a company explore whether or not that would be a viable option for today's world.

Mod: I see you feel that Glass bottles are the most sustainable in terms of beverage packaging. What makes you feel this way?

Guest: Like I said, they can be reused. There is no recycling involved unless a bottle gets chipped or broken. They can just be washed, sanitized and filled.


 Very concerned, Energy consumption, Glass bottles, Somewhat greater, Female, 35-44

Mod: When asked what kind of beverage package you feel is best for the environment, you chose glass bottles, and said it is best because, 'easiest to recycle.' Please elaborate on this for me.

Guest: They need only be sterilized and then reused, rather than restructured entirely.

Mod: I see you also feel that glass bottles are the most sustainable in terms of beverage packaging. What makes you feel this way?

Guest: They're made from sand.

 Very concerned, Energy consumption, Glass bottles, Much greater, Female, 35-44



Mod: Now, when asked what kind of beverage package you feel is best for the environment, you chose glass bottles, and said it is best because, 'non toxic -is recycled -cleaner.' Please elaborate on this for me.

Guest: Glass is recycled all the time and made into so many things.

Mod: What makes it important to you that glass can be made into so many things?


Guest: It is reused and not in a landfill polluting the planet.

Mod: I also see you feel that glass bottles are the most sustainable in terms of beverage packaging. What makes you feel this way?

Guest: I think it lasts longer and can be used over and over again.

Mod: What gives you the impression that glass lasts longer than plastic or aluminum?

Guest: Because I do not think the other two can be reused over and over with out becoming junk and landing in a waste pile.

 Very concerned, Landfill issues, Glass bottles, Much greater, Female, 45-54

## PLASTIC BOTTLES


The respondents who selected plastic bottles as the most environmentally friendly and sustainable package indicated that plastic bottles were the best to recycle because they can be turned into a wide variety of new products made from plastics. Some noted that plastic bottles reminded consumers to recycle through labels/package. Additionally, some felt that plastics are the most sustainable material because they can be reused over and over again in the home, unlike cans or bottles that must go to recycling centers.

Mod: When asked what kind of beverage package you feel is best for the environment, you chose plastic bottles, and said it is best because, 'they can be recycled easily or burned and melted to nothing, and take up no space after consumption unlike cans or glass.' Please elaborate on this for me.

Guest: Cans can be recycled into other products, glass can too, but they still take up space and in the process, plastic bottles can be immediately melted down to nothing really and ready to take on a new form.

Mod: I also see you feel that plastic bottles are the most sustainable in terms of beverage packaging. What makes you feel this way?

Guest: I wouldn't think they would take long to be ready to be used in another form, with out doing much to them.

 Somewhat concerned, Corporate responsibility, Plastic bottles, Have not changed, Female, 45-54

Mod: I also see that when asked what kind of beverage package you feel is best for the environment, you chose plastic bottles, and said it is best because, 'they can be recycled.' Please elaborate on this for me.

Guest: I feel that plastic bottles would be the easiest to be recycled.

Mod: Just based on these initial feelings you had, what makes it seem like plastic is easy to recycle?

Guest: I guess I thought that because it's used on so many beverages these days and the little recycle sign and recycling info is always on the bottles.

Mod: And I see that you also feel that plastic bottles are the most sustainable in terms of beverage packaging. What makes you feel this way?

Guest: Again, with my basic belief that since pretty much everything is made with plastic these days, that it is by default.

 Somewhat concerned, Recycling, Plastic bottles, Somewhat greater, Female, 25-34

Mod: I see you feel that plastic bottles are the most sustainable in terms of beverage packaging. What makes you feel this way?

Guest: I can recycle them, I also reuse plastic bottles over and over again by simply refilling them with water from my sink making them more sustainable than glass bottles or cans.

 Somewhat concerned, Recycling, Plastic bottles, Much greater, Male, 18-20


## CANS

Those who selected cans noted that cans can be recycled into a host of other products besides beverage containers. A few respondents, who believed the term 'sustainable' meant to last a long time, believe that cans best fit that definition.

Mod: When asked what kind of beverage package you feel is best for the environment, you chose cans, and said it is best because, 'you can recycle them and use again.' Please elaborate on this for me.

Guest: Cans can be used over and over and also used for other things beside soda.

Guest: It can be used for making cars and other things that require aluminum.

 Somewhat concerned, Landfill issues, Cans, Much greater, Female, 55-64

Mod: When asked what kind of beverage package you feel is best for the environment, you chose cans, and said it is best because, 'easily recyclable.' Please elaborate on this for me.

Guest: Aluminum is easiest to recycle, also it can be recycled many times unlike plastic.

 Somewhat concerned, Use of renewable resources, Cans, Somewhat greater, Female, 35-44

Mod: I also see you feel that cans are the most sustainable in terms of beverage packaging. What makes you feel this way?


Guest: Cans will keep products fresher longer and can also be recycled.

Mod: And what about those qualities leads you to say they're the most sustainable container type?

Guest: I feel they are sealed better to keep the beverages fresher.

Mod: And how does that relate to the sustainability of the container?

Guest: It will stay in tact until used and they recycled.

 Somewhat concerned, Landfill issues, Plastic bottles, Somewhat greater, Female, 45-54


Some respondents revealed that they simply did not know enough about the three types of beverage materials to give definitive or informed answers to which material was more or less environmentally friendly or sustainable.

Mod: I see that when asked what kind of beverage package you feel is best for the environment, you chose glass bottles, and said it is best because, 'they can either be turned in for a deposit or recycled.' Please elaborate on this for me.

Guest: Honestly, I am not 100% certain of which is the best packaging material.

Mod: So, you mentioned that you feel glass bottles are better for the environment, but that plastic bottles are more sustainable. What do you feel is the difference between the two?

Guest: Truthfully I am not certain on any of them. I feel that both me and much of the public care a lot and have the best intentions but are confused about them and which is truly best.


 Very concerned, Other low carbon footprint overall, Glass bottles, Much greater, Female, 35-44

Guest: I don't really know what the ingredients are for any of the products. I think that glass has been around a lot long than the other materials. That is why I chose that instead of the others.

 Somewhat concerned, Recycling, Glass bottles, Much greater, Female, 55-64

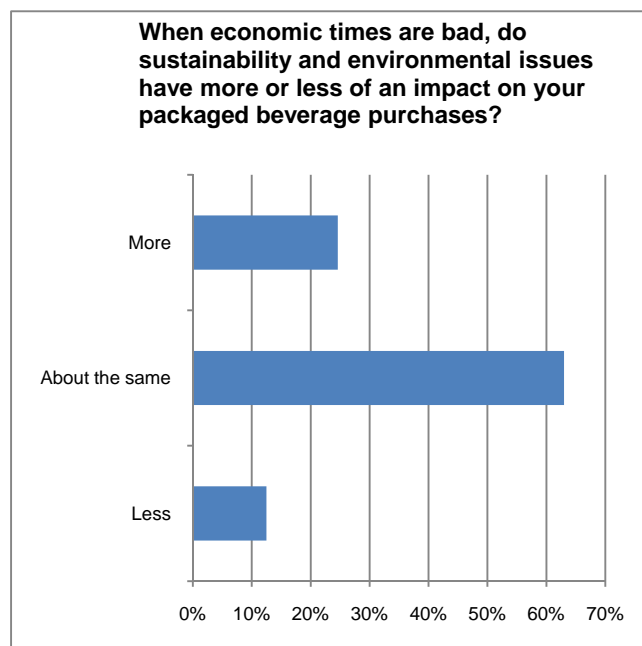
Mod: Do you feel that there is a difference between sustainable packaging and environmentally friendly packaging?

Guest: Very little difference.

 Somewhat unconcerned, Landfill issues, Cans, Have not changed, Male, 65+

## ENVIRONMENTAL ISSUES ARE IMPORTANT IN BAD ECONOMIC TIMES

Environmental issues do not appear to have become less important to consumers even though we are in the midst of a serious recession. To understand this better we asked about the interrelationship between environmental issues and the economy. The majority of respondents indicated that sustainability and environmental issues have about the same impact on their packaged beverage purchases in bad economic times. A surprising 25% of respondents indicated that these issues have more impact on their purchases when the economy is bad. Consumers' environmental concerns seem to be elevated to the point where they are independent of economic drivers.

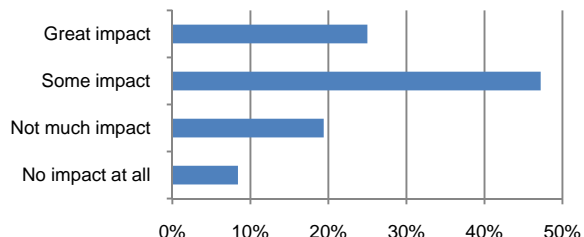


## 'PLANT BOTTLES' MAY MAKE A DIFFERENCE

Independent of other variables such as cost, respondents seem very receptive to the idea of 'plant bottles' that contain plastic made from plants. Nearly three-fourths (72%) of respondents indicated that it 'plant bottles' would have some or a great impact on their purchase of carbonated soft drinks.

The key to leveraging this type of innovation is creating a broad awareness and understanding of the benefits.

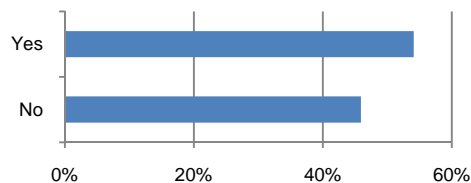
**One carbonated soft drink company has introduced bottles in which some of the plastic is made from plants. What impact will this have on your likelihood to purchase more carbonated soft drinks?**



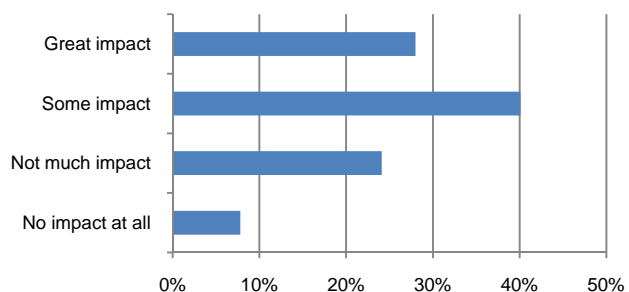
## NEW LIGHTWEIGHT WATER BOTTLES ARE MAKING A DIFFERENCE

Leading bottled water producers have aggressively reduced the weight and amount of plastic in their bottles and given them various 'eco' names. Most respondents were aware of these lighter bottles and indicated that they have an impact on their decision to purchase bottled water. Younger respondents (less than 45) were more aware of these lighter bottles.

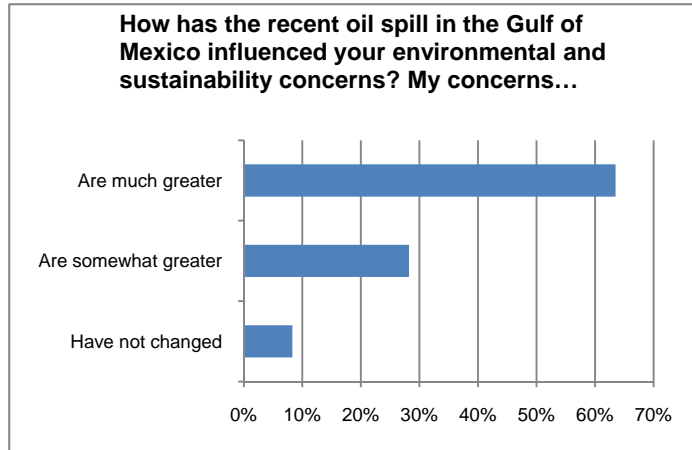
**Are you aware that most bottled water companies have reduced the amount of plastic used in their packaging?**



**What impact does knowing that there are lighter weight plastic bottles for bottled water have on your decision to purchase bottled water?**



## THE GULF OIL SPILL HAS HEIGHTENED ENVIRONMENTAL CONCERNS BUT SHOULDN'T IMPACT BEVERAGE PACKAGE PURCHASES

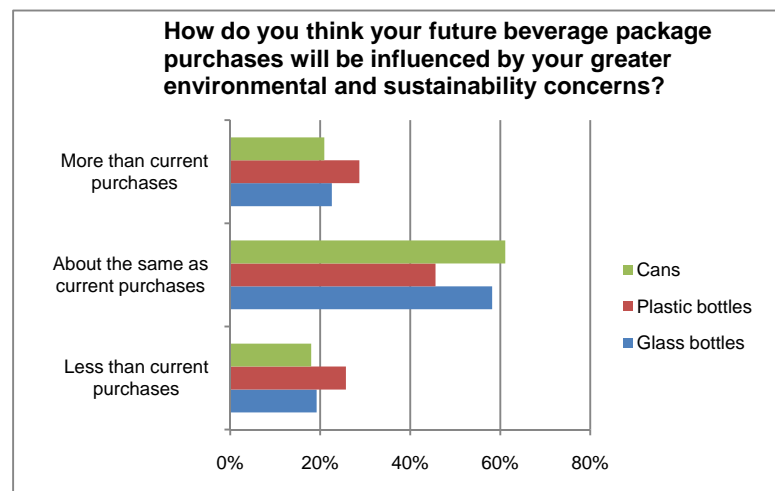


The gulf oil spill was dominating the 24-hour news networks during the fielding of this survey. Respondents indicated that the spill has greatly increased their environmental and sustainability concerns.




It seems like many of the respondents to the survey wanted to alter their beverage package purchases in response to their greater environmental concerns but there was no consensus on where to direct their anger. About the same number of respondents indicated that they would buy more of each package as those who indicated they would buy less.


We used some of the qualitative chats to gain more insight into the impact the oil spill would have on consumers' purchase and consumption of beverage packages. Overall, respondents overwhelmingly felt that the recent oil spill in the Gulf of Mexico would have an impact on their awareness and concern about environmental and sustainability issues. Respondents indicated that, in reaction to the spill, they now possess an overall greater concern, if not inspiration, to be generally more environmentally conscious. Further, some respondents expressed anger and frustration at the oil industry for the spill's negative impact on the environment.




Guest: The Gulf oil spill would really only affect me with heightening my concerns to becoming more of an environmentally friendlier person.

 Somewhat concerned, Use of renewable resources, Glass bottles, Somewhat greater, Male, 25-34

Guest: The Gulf oil spill has raised my awareness greatly of environmental issues as I live in Florida and it is in my own backyard.

 Very concerned, Landfill issues, Cans, Much greater, Female, 35-44

Guest: I hate big oil more than ever. They have killed my land and never asked me if they could. Leaders got the money from them and raped the ocean. I want to stick it to the oil industry and make them poorer.


 Very concerned, Landfill issues, Glass bottles, Much greater, Female, 45-54

Some respondents revealed that the spill would also have an overall affect on the future purchases of packaged beverages.

Guest: I feel guilty for buying plastic bottles at all, and since the oil spill, I feel even more strongly that it's important for everyone to curb consumerism as much as possible.


Mod: What is it that is leading you to say you foresee buying fewer plastic bottles in particular, but about the same number of aluminum cans and glass bottles?

Guest: I intend to be stricter in buying plastics from now on.

 Very concerned, Energy consumption, Glass bottles, Much greater, Female, 35-44

Mod: In the survey, when asked how the Gulf oil spill has impacted your environmental and sustainability concerns, you said your concerns are much greater. As a result, you mentioned that you will likely purchase less cans. Help me understand your reasons for this.

Guest: I can recycle and reuse plastic bottles a lot easier than cans, thus making plastic bottles more eco-friendly and sustainable for me to use.

 Somewhat concerned, Recycling, Plastic bottles, Much greater, Male, 18-20

## SUMMARY

### **The vast majority of consumers are concerned about the environment.**

- 94% of respondents indicated that they are very or somewhat concerned about environmental issues and 49% indicated they are very concerned.
- Respondents are much more concerned about environmental issues as a result of the Gulf of Mexico oil spill.
- A surprising 25% of respondents indicated that environmental issues have more impact on their purchases when the economy is bad.

### **Recycling and landfill issues top the list of important environmental issues for beverage packaging.**

- Respondents indicated that recycling and landfill issues are the most important environmental concern for packaged beverages followed by the use of renewable resources.
- Similarly, respondents indicated that high recycle rate, high recycled content, and made from renewable resources are the three most important attributes of an environmentally friendly package.
- There is a big opportunity to increase recycle rates: despite respondents' high level of concern and importance placed on recycling, only about 70% indicated that they always recycle their beverage packages at home and the numbers are even lower at work and away from home and work.

### **The main issues influencing changes in packaged beverage consumption are economics, health concerns, convenience and environmental issues. The importance of the factors varies for each beverage category.**

#### Carbonated Soft Drinks

- 28% of respondents indicated they are buying less CSD than one year ago with health reasons cited most frequently (71%) as the reason. Another 21% of those buying less cited economic reasons. When we asked a similar question a year ago the split was about 50/50 between health and economic reasons.
- The decline in CSD purchases is offset somewhat by some respondents who indicated they are buying more than a year ago primarily for economic reasons.
- Respondents indicated that they would buy more CSD if it was better for them and the prices were lower.

#### Bottled Water

- A roughly equal percentage of respondents indicated they are buying more (27%) and less (23%) bottled water compared to a year ago. The main reason for buying more was health reasons and the main reason for buying less was environmental reasons and to a lesser extent economic reasons.

- 35% of respondents indicated that it is more important for bottled water than for other packaged beverages to address environmental and sustainability issues.
- Respondents indicated that they would buy more bottled water if it was better for the environment, had lower prices, and for health reasons.

#### Other Packaged Beverages (Juice, Tea, Sports Drinks, Enhanced Water, etc.)

- A roughly equal percentage of respondents indicated that they were buying more (18%) and less (20%) compared to one year ago. Health reasons were most frequently cited by those buying more and economic reasons by those buying less.
- Respondents cited lower prices and health reasons as most likely to influence increased purchase of these other packaged beverages.

### **Consumers' beverage package purchases have changed for a variety of reasons**

#### Cans

- More respondents indicated they are buying less cans than indicated they are buying more than one year ago.
- Those who indicated they are buying more cans cited environmental concerns and convenience as the reasons. Those buying less cited health reasons (CSD), saving money, and environmental concerns as the motivation.

#### Plastic Bottles

- The percentage of respondents indicating that they are buying more and less plastic bottles compared to one year ago is about equal. Convenience was the most frequently cited reason for buying more and environmental reasons were cited by a whopping 57% of those respondents buying less plastic bottles.

#### Glass Bottles

- 35% of respondents indicated that they are buying less glass bottles compared to a year ago and only 12% indicated they are buying more. Saving money and environmental concerns were the main reasons cited for buying less glass bottles.

### **Consumer communication regarding environmental issues and sustainability are critical**

- Respondents indicated that they get most of their information on environmental issues from broadcast news media and the internet.
- Almost half of the respondents in the survey did not know the meaning of “sustainability” and many of them had misconceptions that led them to believe that “sustainable” is bad for the environment.
- Companies should be very careful in using the term “sustainable” with consumers. If it is used, a great deal of explanation may be required.
- Respondents understood the term “environmentally friendly” and most frequently associate recycling with environmentally friendly for beverage packaging.
- Packaging innovations like lighter weight plastic bottles and “plant bottles” can make a difference in sales but creating consumer awareness is the key.