

SAMPLE MARKET INSIGHT REPORT: RETAIL PACKAGING INSIGHTS

ACME PACKAGING | YOURBRAND.COM



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“I have to return 10% of products every year due to defects from crushed boxes.”

– *Retailer*

“90% of product complaints are from delivery services like UPS and FedEx stating the corrugated box is crushing.”

– *Corrugated Manufacturer*

“Our goal is to increase the recycled content in our packaging materials by 2030.”

– *Label Manufacturer*

“Package design significantly impacts consumer buying decisions. For example, 90% of wine purchases are based on package and label design. How can I influence buyer behavior when the consumer does not interact with the package until the product arrives at their home?” – *CPG*



METHODOLOGY

Acme Packaging conducted 15 interviews with retailers, brands and corrugated packaging suppliers in North America to better understand **challenges around retail packaging materials**. Insights were collected and analyzed with Blueprinter® software from The AIM Institute.

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“We need a global strategy to address sustainability. Regulations are increasing, but there’s no direction.”
– *Flexible Packaging Manufacturer*

“Illegible barcodes is a huge issue. The barcode has to be clear to enable effective inventory management. Too often these are smudged and it turns an otherwise efficient process into a nightmare.”
– *Retailer*

“Chemical manufacturers need to make a better glue. Empty boxes should not fall apart before they ever get used!”
– *Corrugated Manufacturer*

“Every year we see a greater increase in e-commerce sales.”
– *CPG*



INDUSTRY OVERVIEW

The Retail Packaging Market includes corrugated boxes, folding cartons, labels, flexible and rigid packaging. According to a recent report from Smithers Pira, **60% of all printed packaging is for food**. The global digital printing packaging market is estimated to reach revenues of around \$28 billion by 2024, growing at a CAGR of approximately 11% during 2018-2024.

Source: <https://www.reportbuyer.com/product/5730657>

While the majority of packaging is printed with traditional methods like flexographic printing, there is an increasing demand for digital printing. Still less than 1% of the total printed corrugated market, digital printing is growing at more than 20% CAGRs per a recent market report from Smithers PIRA.

“The geographical segment in the global digital printing packaging market is divided into APAC, Europe, North America, Latin America, and MEA. APAC dominated the largest market share in 2018, growing at a CAGR of around 12% during the forecast period. The growing demand for innovative food and beverage and cosmetic product packages is driving the demand in the APAC market. Japan, China, India, and South Korea are the largest revenue generators in the APAC region. The exponential growth of the organized retail sector will drive the European market over the next few years. The rising employment, relaxed monetary policy stance, and a boost in investor sentiments are some of the major factors contributing to the development of the European digital printing packaging market. The European Union (EU) has initiated the Horizon 2020 program, which is the largest R&D funding and innovation program.”

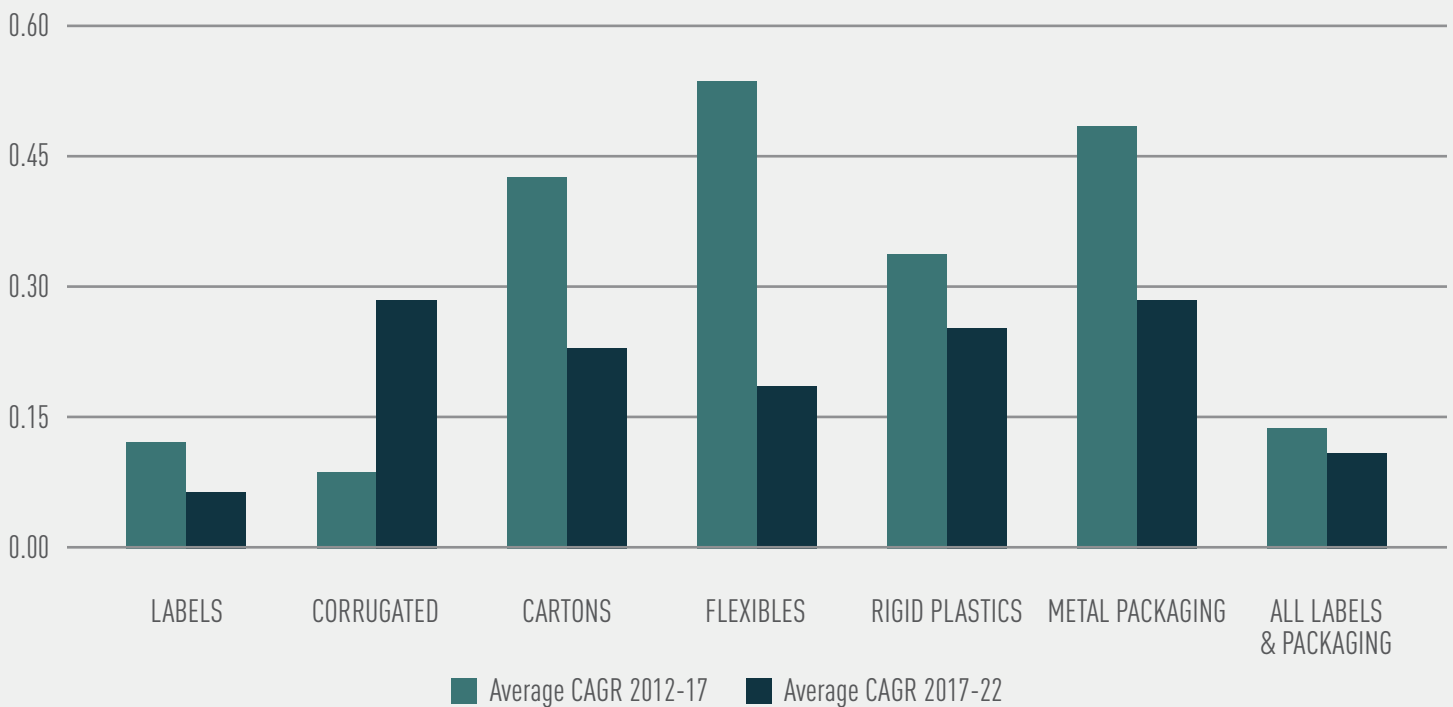
Source: <https://www.reportbuyer.com/product/5730657>

INDUSTRY OVERVIEW

“According to “The Future of Digital Print for Packaging to 2022,” a new report by Smithers Pira (smitherspira.com), digitally printed labels and packaging is worth \$13.4 billion in 2017. While the label sector has been the early adopter and is mature in some regions there is very strong growth in corrugated, carton, flexibles and direct-to-shape, with developments in metal printing. By 2022, the rapidly expanding digital (inkjet and toner) packaging market will grow by almost 13 percent annually to exceed \$22.0 billion.” – Packaging Strategies
<https://www.packagingstrategies.com/articles/90342-digital-print-continues-to-disrupt-the-packaging>



FIVE YEAR GROWTH RATES IN THE VALUE OF DIGITAL PACKAGING SECTORS FROM 2012 TO 2022 (%)



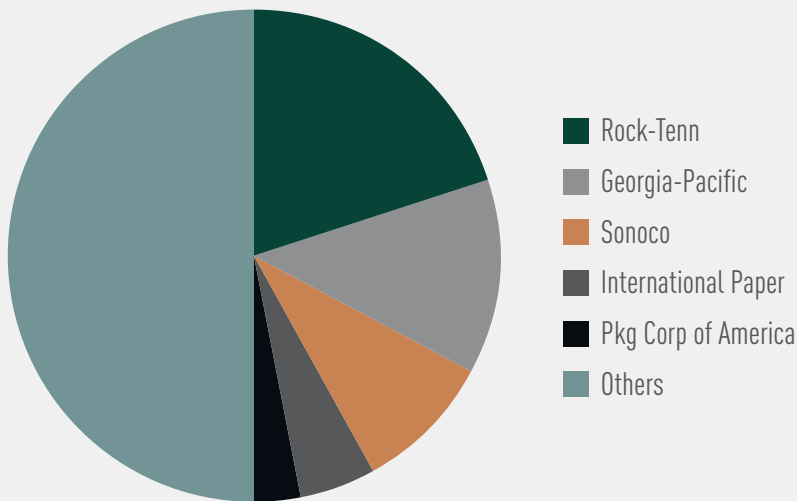
Source: Smithers Pira

KEY PLAYERS: PACKAGING VALUE CHAIN

Printer OEMs are challenging the traditional, linear value chain stating it is too slow to react to changing consumer demand. Digitization enables packaging to be printed as orders are placed rather than stocking significant inventories and hoping those products and their packages sell.

Source: Bobst 7/17/2020 <https://www.bobst.com/us/en/blog/detail/article/1588751821-how-digitalization-is-transforming-the-packaging-industry/>

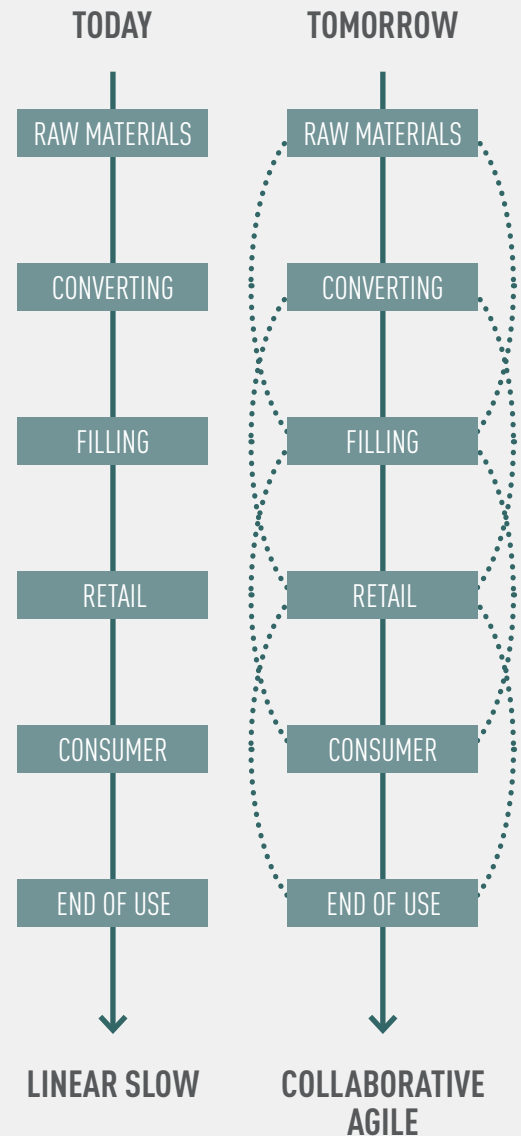
Corrugated box manufacturers typically set up plants to be within 300 miles of their customers for transportation efficiencies. The below chart shows the market share split among the industries biggest players.



Alternatives to this technology:

- Padded envelopes
- Store pickup requiring no shipping boxes

THE INDUSTRY VALUE CHAIN EVOLUTION



TRENDS

A study published in March 2020, shows a **decline in retail purchasing**. Notably, growth occurs in the grocery and online segments as people stay at home due to impacts from the Corona Virus.

The trend of e-commerce is not new. In fact, we've seen an acceleration of online sales that has outpaced industry predictions. One area this is seen is the increase in e-commerce box services. Interestingly, a recent Forbes study shows that consumer awareness remains low regarding e-commerce box services with just 50% of U.S. consumers having heard of at least one of the major subscription services. Just 15% of online shoppers subscribed to at least one subscription box service on a recurring basis. In contrast, 46% of consumers subscribe to an online streaming media service like Netflix. Based on this research, we believe there is significant head room for additional growth in the e-commerce subscription box space that will drive demand for corrugated boxes.

<https://www.forbes.com/sites/andriacheng/2019/12/20/the-crowded-subscription-box-industry-still-holds-growth-promise/#4005094521ae>

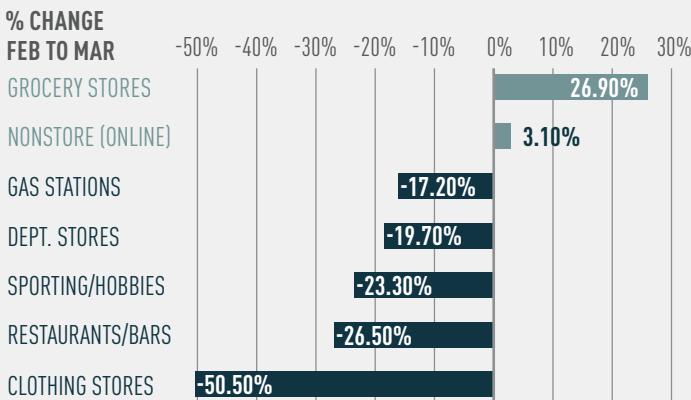
Labels and Labeling asked 27 industry experts for their 2020 predictions for the label and packaging market. Experts include leaders from Avery Dennison, HP Indigo, Konica Minolta, Nilpeter, Domino, Gallow and others. We copied to interview into a word cloud generator to easily see the frequency of which certain words and ideas came up across the industry. Interestingly, digital printing was a re-occurring theme.

Digital printing is viewed as a technical solution to resolve brand challenges around:

- Declining job sizes
- A desire for variable data to be printed on labels in color
- Generating a 2-way interaction with a consumer, particularly when that consumer is not entering a store

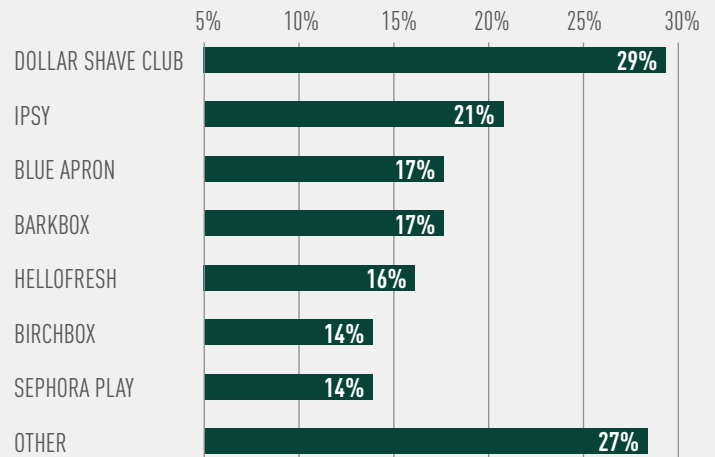
U.S. CONSUMER SPENDING PLUNGES AMID CORONAVIRUS

Overall retail sales plunged a record **8.7%** in March 2020.



Source: U.S. Census Bureau, Advanced Retail Trade Supply, April 15, 2020

MOST POPULAR SUBSCRIPTION BOX SERVICES, 2019



Source: Clutch 2019 Logistics Survey Pt. 2

UNMET NEEDS

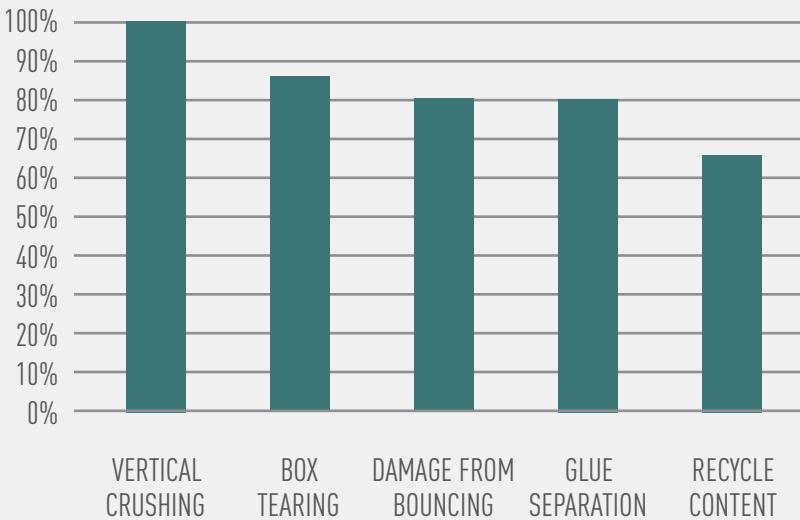
Retailers noted that already low profit margins are threatened by inventory damage. **Vertical crushing** of boxes was cited as a significant reason for product damage. It is believed this comes from a delivery service behavior that is unlikely to change. **Box tearing** and **box punctures** were other top reasons attributed to product damage. This becomes much worse for retailers when **moisture** penetrates boxes. This is an especially significant issue for the grocery market.

From a sustainability standpoint, retailers expressed a desire to be able to recycle boxes. Brands expressed a desire to increase the **recycled content** in both boxes and labels.

Brand owners also discussed a desire to **increase consumer engagement** through the use of **customization** enabled by **digital printing**. It is notable this was not prioritized by packaging and label manufacturers as an issue. It may be an opportunity to further explore with brand owners to offer differentiated solutions.

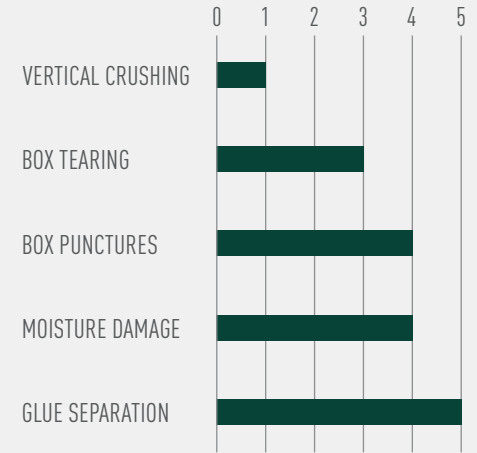
MOST COMMONLY CITED UNMET NEEDS

Total # of interviews conducted = 15



LEAST-SATISFIED INDUSTRY NEEDS

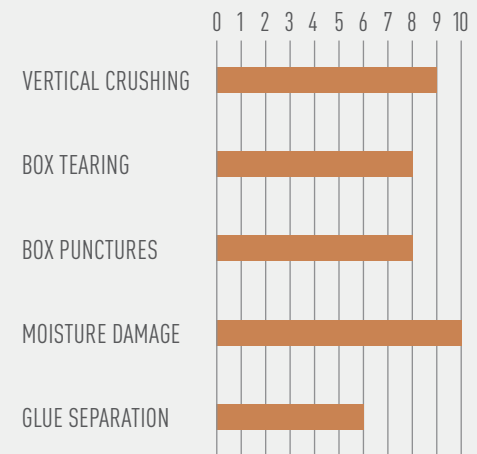
1-10 Satisfaction ratings for 5 outcomes with the lowest satisfaction ratings



This chart is optional to include.

NEEDS WITH HIGHEST INDUSTRY IMPACT

1-10 scale whereas 10 is most impactful



This chart is optional to include.

5 REASONS TO OFFER YOUR CUSTOMERS A MARKET INSIGHT REPORT AFTER YOUR BLUEPRINTING® PROJECT:

1. Get to “Yes” Faster

Companies are more likely to participate in Discovery interviews when you give them something of value in return. A Market Insight Report can be easily generated to share insights while protecting your proprietary data and that of participants from competitors.

2. Give Your Sales Team A Reason To Call and Include Marketing in the Conversation

Share your learnings and demonstrate your capability as a strategic partner who understands your customer’s world better than your competition.

3. Deepen Customer Engagement

Customers invested their time in you with the hope you were serious about being an extension of their R&D teams. Use the Market Insight Report to follow-up. Canceling the project? All the more reason to document and share your reasons why with customers. This is especially important if you intend to sell them other products and want their input in future Discovery interviews for other market segments.

4. Create A Continuous Feedback Loop to Improve Project Hit Rates

Entering the R&D development phase? Use the Market Insights Report to validate customer interest in your proposed solution. Confirm customer commitment to test your prototypes and provide actionable feedback.

5. Improve Internal Engagement & Increase ROI

Even the best new product designs require internal champions to close sales. Share insights with your sales and internal support team early to ensure the necessary internal engagement to make your launch a success.

LET US HELP YOU CREATE YOUR OWN BRANDED MARKET INSIGHTS REPORT.

3 options available:

- Designed to be exclusively shared with your interviewees
- Designed to educate your internal team
- Designed to educate prospects and build your pipeline after product launch



Market Insights Reports are available through AIM Coach, Kelly Lawrence and Lawrence Innovation, LLC.

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