
Study Results:
Parcel Packaging
Impacts Consumer's
Perception of Product
Value by 45%



Ryan Germann, eCommerce Segment Manager, Pregis

In the first ever study of its kind, Pregis partnered with the University of Wisconsin, to understand the link between consumers' unboxing experience and the perception of product value. The objective was to understand how different protective packaging mediums influenced pricing perception and emotions experienced when unboxing.

As retail continues to shift from physical stores to digital, the unboxing experience in consumers' homes is replacing the store experience. Over the years, the retail store experience has become a science which includes branding, placement, merchandising, personalized service, music and even scent. But many retailers have failed to replicate that euphoric in-store experience with home delivery – which puts customer lifetime value at risk. The study results demonstrate how parcel packaging choices are major influencers in delivering a customer experience which elevates the value of the product and brand.

Study methodology

The study was conducted at the University of Wisconsin in consultation with Page Moreau, professor of marketing. There were 60 participants, split into two cells of 30 each. The study participants ranged in age from mid-20s to late 30s—a desirable demographic for online retailers.

Each participant was instructed to unbox the same product. A bamboo bowl was selected because its pricing can vary considerably. The bowl used in the study had a retail price of \$25, but a simple online search shows results for similar products ranging from \$15 to \$200. The participants were unaware of the actual cost of the bowl, so that we could capture their perception.

It's important to note that early in the study, the participant's attention was directed to the product only; it was imperative to not precondition them to factor in the packaging components this early in the study.

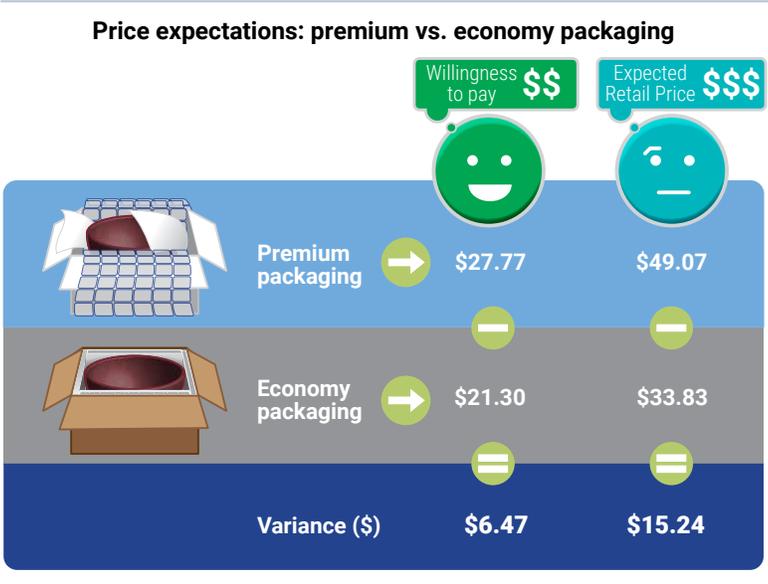
While both groups of 30 unboxed the same product, each group had different packaging. Participants only saw their own packaging and were not aware that there was a different option. One package is best described as "economy" – plain brown box with white polystyrene foam for inside protection and clear carton sealing tape. The other packaging would be considered "premium" with a white box, clear inflated hybrid cushioning featuring a square pattern to protect the contents, soft white foam wrapped around the bowl with a "thank you" sticker and white carton sealing tape on the exterior.

After the unboxing experience, participants were asked to complete a survey which focused on the following areas – price expectations, likelihood to gift, unboxing emotions, packaging description and to identify the retail outlet that the package most likely came from.

After completing the exercise, the data revealed some very compelling insights.

Price expectations

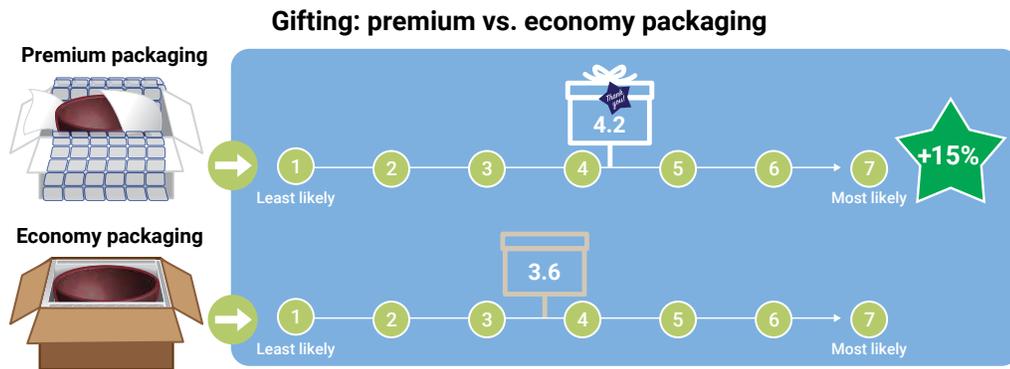
The statistics powerfully reflect the difference between receiving the same bowl in premium vs. economy packaging. The premium group was willing to pay \$27.77 for the bowl, but they expected the retail price to be even higher at an average of \$49.07. (Because consumers generally are more accurate in predicting behavior of others than themselves, we phrased the price expectation question both ways.) The willingness to pay reflected by the "economy packaging" participants was only \$21.30, a 30% lower price point. Conversely, the **expected retail price noted by the premium group was a significant difference of 45% higher!**



Gift giving: packaging matters

Consumers are not only increasing the number of things they buy for themselves online, but they are also turning to ecommerce for gift giving. The occasion can be anything from a birthday to a wedding, but what is consistent is the desire for the recipient to have a positive unboxing experience and an equally positive reaction to the gift that was sent.

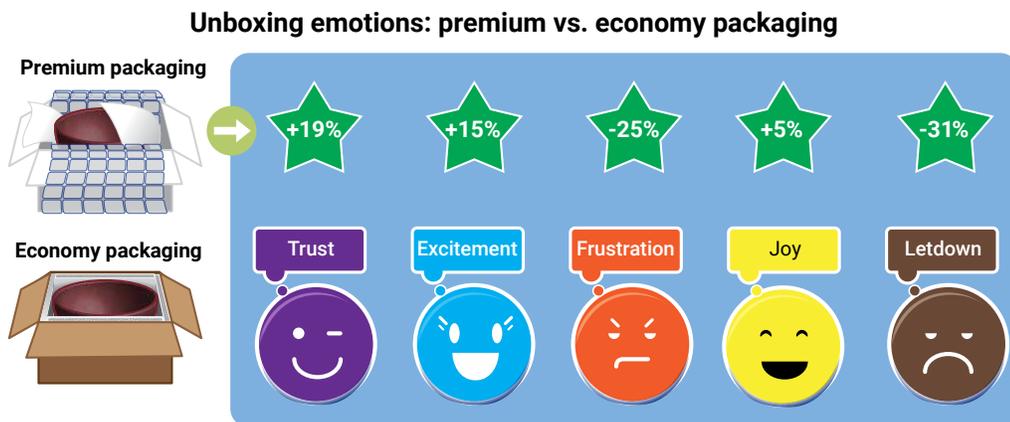
The survey participants were asked on a scale of 1 to 7, how likely they would be to gift their product/package combination. The group that had the premium package gave an average response of 4.2. The economy group came in at 3.6. **That's a 15% difference, which retailers would view as a significant competitive advantage in the customer acquisition war.**



Emotions

As consumers, we intuitively know that emotions are connected with a buying experience. But for the most part, companies rarely factor them into protective packaging decisions. The “emotional” responses are a strong indicator of why we need to pay more attention.

We asked, “Think back to when you first unboxed the product, and describe your feelings on the following scale.” Again, we used a seven point scale with 1 indicating “not at all” for that particular emotion and 7 indicating “very much.” Let’s look at each emotion individually.



Trust. The premium package ranked 4.4 for trust, with the economy package logging 3.7. Participants in the premium packaging group gave “their” package a 19% higher score.

Excitement. The “premium” group averaged 4.8 points for excitement, compared to 4.1 for the “economy” group. The premium packaging recipients were 15% more excited to receive their package.

Frustration. There was a 25% higher indication of frustration from the economy group (2.4 points) vs. the premium group (1.8 points).

Joy. The point scale results were closer for this attribute with the premium packaging respondents logging 5% more “joy.”

Letdown. There was a significant 31% higher “letdown” emotion identified by the economy group over the premium group.

The key takeaway from this section is **the parcel packaging choices significantly impact consumers’ unboxing emotions.**

Packaging perception

What do packaging choices convey about a company and its products? Is it attractive and prestigious or does it just look cheap. Here’s what the study uncovered.

Attractive. Premium packaging is a clear differentiator, scoring 76% higher on the attractive scale.

Prestigious. Premium also scored an impressive 56% higher than economy on the “prestigious” attribute.

Cheap. The premium package product was perceived as having greater value than the product in the economy package—a difference of 32% between the groups.

Which retailer sold the product/package?

The study also wanted to uncover “the likelihood” of the premium or economy package coming from a specific retailer. The intent was to determine if there was a link between packaging and brand perception. Based on the product/package combination, we asked the participants to indicate which retailer they thought sold it. We selected five different recognizable retailers to represent distinct subcategories: Leading E-commerce Retailer, High-end Retailer A and High-end Retailer B (both specializing in home goods), Mass Merchandiser and Value Retailer.

The respondents which were given the premium package, felt that there was a 5.1 and a 5.0 likelihood (on a 7 point scale) that the product came from High-end retailer A and B, respectively. Conversely they scored the Mass Merchandiser at 3.7 and the Value Retailer at 2.7, clearly not associating a premium appearance with either of those two companies.

The economy packaging respondents also provided predictable responses. They scored the Mass Merchandiser and Value Retailer equally at 4.3 indicating that their package more than likely came from one of those retailers. They thought there was less of a chance that it came from High-end Retailer A or B, scoring those 3.5 and 3.7, respectively.

The responses were closer when it came to the Leading E-Commerce Retailer. The premium group said the likelihood of the package coming from the E-Commerce Retailer was 3.6, while the economy group indicated 3.9, a 7% difference.

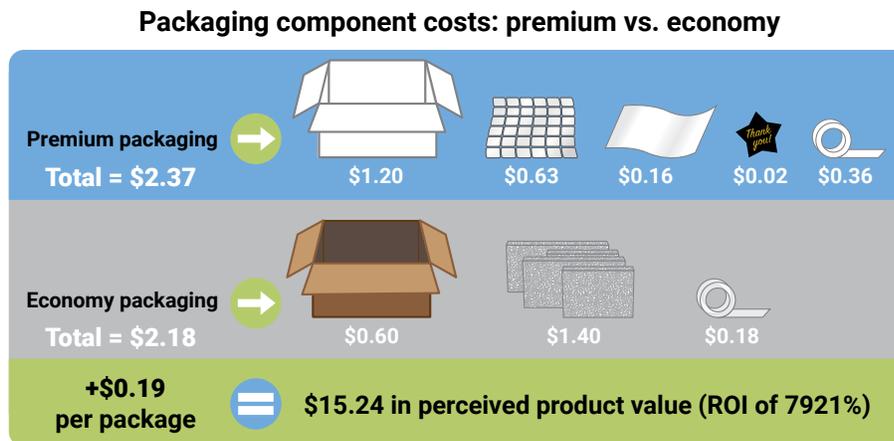
It’s also important to look at the results in terms of percentages. For example, the premium group had a strong perception that their packaged product came from High-End Retailer A. In fact, there was a 41% difference between the premium group’s perception vs. the economy group.

On the opposite spectrum, 35% fewer premium group respondents thought that their product came from the Value Retailer, than did the economy group.

The takeaway is clear. **How the exact same product is wrapped has a significant impact on how its value is perceived.**

Economics

What's the cost to upgrade to premium packaging from economy? The increase in expenses must be economically feasible to implement. Below is the itemized list for each packaging component used for both the premium and economy packages. As you can see, the upgrade costs are minimal.



Parcel packaging: the new merchandiser

What might be surprising to many is that only 19 cents or 8.7% is the difference in cost between the premium and economy components used to conduct this study. However, as noted in the other data points above (emotional response, value perception, willingness to pay), the additional 19 cents per package has a dramatic impact on what the consumer thinks of your products and brand.

Page Moreau, University of Wisconsin professor of marketing points out, "There is strong evidence that the unboxing experience impacts customers' emotions and their perceptions of product value. When a retailer gets the unboxing experience right, they demonstrate that the product is valuable and worth protecting. Consumers recognize that signal, and it influences their perception of quality. As ecommerce continues to be the growth engine for retail, retailers and brands must understand their new showplace is the parcel packaging."

If you would like to find out how you can improve the impact protective packaging has on your brand, please contact Pregis at www.pregis.com.