

# PACKAGING DIGEST

## Green Will Grow

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A new environmental marketing study shows that despite tough financial times, green purchasing still shows signs of growth. But purchasers want more from their green purchases, as performance and price score high on their checklists.

When purchasers look to buy packaging, some of the top factors that influence their decisions are performance and price, according to the recently released EcoMarkets 2009 Summary Report by TerraChoice Environmental Marketing.

The EcoMarkets Report is an annual survey of green purchasing trends and behaviors across North America. It was completed by more than 580 professional purchasers in the U.S. and Canada between April and July 2009 in partnership with the National Institute of Governmental Purchasing (NIGP), the Purchasing Management Association of Canada (PMAC), and the Buy Smart Network (formerly known as the Sustainability Purchasing Network). Collectively, these respondents are responsible for spending \$24 billion a year while their organizations spend more than \$68 billion annually.

### **Purchasers prize price, performance**

Although the study's respondents attributed some importance to all of the purchasing factors indicated in the survey, price and

performance were ranked as most important in a list that also included environmental and social considerations.

Respondents were asked to compare green packaging products with their conventional counterparts in terms of performance and 61 percent selected the option that green performs the same while 15 percent of purchasers believe that green packaging products perform better (see Fig. 1).

Comparing "green" packaging products against traditionally used containers, bags and sacks revealed that slightly more purchasers believe that green packaging costs more while 30 percent see it as costing the same.

### **Shining bright in dark economic times**

Throughout the EcoMarkets study, findings suggest there is plenty of room for green product growth in the marketplace. In fact, 83 percent of purchasers expect to be buying more green in the next two years. Third-party eco-labels will also continue to play an important role in helping purchasers identify leading environmentally-preferable products.

As part of the EcoMarkets study, respondents were asked whether their overall procurement budgets increased, decreased, or stayed the same over the past 12 months. Of the 21.2 percent whose budget

increased, 57 percent plan on being more active in green purchasing; of the 37.5 percent whose budget decreased, 60 percent also reported plans to be more active in green purchasing.

The survey found that of 30.8 percent whose budget remained the same, 57 percent plan to be more active in green purchasing (see Fig. 2). Therefore, despite tougher economic times, the outlook for green purchasing looks very positive.

To further illustrate this positive outlook for green purchasing, the majority of professional purchasers (64.1 percent) reported that the current economic situation has had no impact on their amount of green purchasing relative to “regular” purchasing; 16.1 percent reported a slight increase in the amount of green purchasing (0.5 percent reported a significant increase, and 15.6 percent reported a marginal increase); and the smallest percentage—4.2 percent—reported a decrease in green purchasing (3.8 percent reported a significant decrease, and 10.4 percent a marginal decrease).

More than three quarters (79 percent) of purchasers who stated a belief that North America is in a short-term recession (one to two years) predict that their organization will do more green purchasing in the next two years; 84 percent of those who opined that North America is experiencing a longer-term recession of three to five years still anticipate more green spending within their organizations over the next 24 months. Even those respondents who stated a belief that the North American economy has entered into a depression anticipated that their organizations will do more green purchasing. Politics might affect purchasing preferences

What influence will federal governments in the U.S. and Canada have on the amount of green purchases in North America? More than three quarters of purchasers (76.3 percent) believe that the Obama Administration in the U.S. will have a positive impact on green purchasing in North America; more green purchasing will occur as a result of the Obama Administration's policies. The greatest percentage of purchasers feel rather neutral about the impact the Harper government in Canada will have on green purchasing; 42.4 percent believe that green purchasing will neither increase nor decrease as a result of the Harper government's policies.

### **Corporate initiatives can ignite sales**

This year, more general green purchasing trends were also examined. For instance, it became clear that a popular way to support and influence green purchasing is through the development of organization-wide sustainability policies and/or green purchasing policies.

Most North American organizations have either already implemented a sustainability policy and/or green purchasing policy, or have plans to implement such policies in the near future. More than half (56.5 percent) of organizations have either a formal or informal organization-wide sustainability policy. Of those organizations without such a policy, 53 percent have plans to implement one in the near future. Similarly, 57 percent of organizations either have a formal or informal green purchasing policy; and 54 percent of those organizations without one plan to implement one soon.

### **Ecolabels can build credibility to green claims**

When it comes to selecting green products, eco-labels can increase trust and confidence in green products. In fact, 88 percent of buyers use and/or recognize at least one ecolabel. In the U.S., Energy Star, Green Seal and EcoLogo are the top three most recognized ecolabels with recognition rates of 88 percent, 61 percent and 59 percent, respectively. In Canada, the top three most recognized eco-labels are Energy Star, EnerGuide and EcoLogo, recognized by 81 percent, 76 percent and 62 percent of purchasers, respectively.

When it comes to ecolabels in the packaging sector, EcoLogo has a variety of standards available, including reusable utility bags, recycled plastic products, food containers, plastic film products and paperboard. GreenSeal also has a number of standards in the packaging sector, including plastic resin film bags (in development) and reusable utility bags.