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THE ATTRACTIVENESS AND SUSTAINABILITY OF PAPER AND PRINT

The Australian consumer's view

A survey of Australian consumers undertaken by Two Sides, July 2016
Toluna, USA, Inc.

INTRODUCTION

Consumers today have access to more information than ever before, whether via a digital device, television screen, printed catalogue, newspaper, radio or more - we live in an information rich world and companies are struggling to determine which communication channel to use when engaging consumers.

Many companies including banks, utilities and telecom providers have been increasingly driving communications online and either withdrawing paper-based bills and statements, making charges if consumers wish to receive them, or increasingly making a paper bill or statement difficult to access. Whilst a key driver for this is cost reduction, often environmental benefits are cited as the main reason for change, however does it all stack up under scrutiny? And what is the environmental impact of digital communications?

This survey provides insight into how consumers view the environmental impacts of digital versus paper-based communications and how they perceive and use paper in their everyday lives.

THIS REPORT EXPLORES:

- Consumer attitudes towards environmental claims by business,
- The move towards online billing and statements,
- Consumer views about paper and print and its sustainable origins, including forest management, environmental characteristics and recycling rates, and
- Consumer views about the credibility of information regarding the environmental friendliness of paper and print.

ABOUT TWO SIDES

Two Sides is a global initiative by companies from the Graphic Communication Value Chain including forestry, pulp, paper, inks and chemicals, pre-press, press, finishing, publishing, envelopes and printing. Our common goal is to dispel common environmental misconceptions, by providing users with verifiable information on why paper and print is an attractive, practical and sustainable communications medium. www.twosides.org.au

Contact:

e: info@twosides.org.au
t: 03 9421 2209

ABOUT TOLUNA USA INC.

Toluna is an online market research company. Connecting consumers and brands together via the world's largest social voting community of 9+ million members across 49 countries. This empowers companies to brainstorm ideas, uncover new business opportunities and answer their questions in real-time.

Toluna's unique, cross channel approach to member engagement provides real-time access to deeper respondent insight. Toluna's community is well-profiled, and active. They are loyal, trustworthy and completely candid. Toluna reaches survey respondents across the globe.

EXECUTIVE SUMMARY

An international survey with over 7,000 recipients was commissioned by Two Sides and carried out by international research company Toluna in June 2016. The survey was also undertaken internationally in: Australia, Brazil, Europe - Austria, France, Germany, Italy and Spain, New Zealand, North America and the United Kingdom.

This report details responses from Australian consumers, and consumer preferences for a survey sample of 532, providing insight into their perception of the environmental impacts of paper and print. It asks respondents to consider why companies are encouraging a switch to electronic communications and reveals that consumers want the choice to be able to continue receiving printed information. Findings also suggest that consumers are mistrustful of misleading environmental marketing statements made by companies and understand that this is often a cover for cost saving.

It is not evident that younger age demographics connection with paper is significantly different to older groups. Whilst acceptance of digital media is stronger amongst younger ages, a preference for print on paper still exists for all ages.

This report goes on to examine views regarding the impact of paper on forests, with findings indicating that despite Australian forests growing in size by 308,000 hectares in the last five (5) years and the leading cause of tropical deforestation being conversion to agricultural lands, consumers are concerned about the effect on forests by the production of paper and print. Educating consumers on practices within the paper industry is required, as consumers are unaware that 82% of paper consumed is from planted forests.

Looking at recycling, consumers understand the natural and recyclable nature of paper, with a majority of consumers believing that recyclability is an important characteristic of environmentally responsible products. Although, consumers do not realise that the industry is a leading recycler and that 87% of paper is recovered for recycling in Australia. Work is needed to drive through these fundamental messages about the industry's environmental pedigree to the wider public.

Overall, findings conclude that consumers prefer to read from paper than from screens, appreciating the tactile nature of paper. Consumers also fundamentally believe that when sourced from sustainably managed forests, paper and print remains a sustainable way to communicate.

KEY FINDINGS:

ENVIRONMENTAL CLAIMS

Research found consumer cynicism when presented with environmental claims being linked to an encouragement to stop receiving paper bills and statements:

- 83% receiving environmental claims like; “Go Paperless – Go Green”, or “Go Paperless – Save trees”, or “Get your bills on line - it’s better for the environment” believe companies are seeking to save costs,
- 56% question the validity of these claims, and
- 42% feel misled by these claims.

THE MOVE TO ONLINE BILLING AND STATEMENTS

Findings indicate a resistance to being unwillingly moved to online communications:

- 76% are unhappy if asked to pay a premium for paper bills and statements,
- 69% want the option to continue receiving printed information as it provides a permanent record for important documents,
- 58% are unhappy that the responsibility to print valuable documents is being passed to consumers,
- 44% would consider changing service providers if asked or forced to move to paperless communication, and
- 43% don’t have a reliable internet connection and want paper records.

THE CONSUMER’S VIEW ABOUT PAPER AND PRINT AND ITS SUSTAINABLE ORIGINS

Consumer preference

Paper and print is the preferred communication channel:

- 74% prefer reading print on paper than from a screen, and
- 71% enjoy the tactile experience of paper and print.

Environmental characteristics

Despite confusion when understanding the environmental characteristics of electronic and paper based communications, consumers understand the natural and recyclable characteristics of paper and print and believe it is a sustainable way to communicate:

- 94% feel recyclability is an important characteristic for environmentally responsible products,
- 88% agreed that, when responsibly produced, used and recycled, paper and print can be a sustainable way to communicate,
- 85% believe that electronic bills are more environmentally friendly than a printed bill,
- 66% recognise that paper is based on a renewable resource, and
- 43% think that paper records are more environmentally sustainable than electronic storage of information.

Forest management

Despite concern about the effect of paper use on forests, consumers believe that when forests are responsibly managed, it is sustainable to use trees to produce paper:

- 85% believe that when forests are responsibly managed it is environmentally acceptable to use trees to produce products such as wood for construction and paper for printing,
- 89% believe new forests are necessary to counteract global warming,
- 74% believe there is a connection between the loss of tropical rainforest and the manufacture of paper, and
- 77% are concerned about the effect on forests by the production of paper and print

THE INDUSTRY'S RECYCLING RATE IS NOT WELL KNOWN

Consumers have a very mixed opinion of the percentage of paper recovered for recycling across Australia:

- 7% believe that the industry recycling rate is more than 60%,
- 73% believe that less than 50% of waste paper is recovered for recycling.

CREDIBILITY AND USEFULNESS OF INFORMATION ABOUT ENVIRONMENTAL FRIENDLINESS OF PAPER AND PRINT

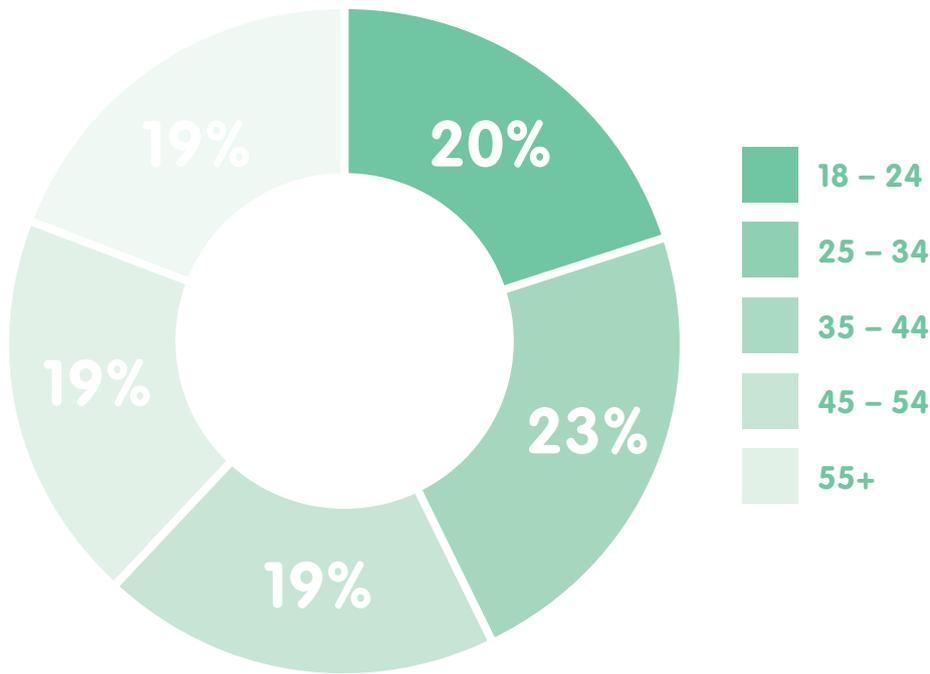
Of the 29% of consumers that have heard about the environmental friendliness of paper and print, a majority of them believe this information to be useful and credible:

- 80% reported that the information given on the environmental friendliness of paper is credible, and
- 85% find that the information given on the environmental friendliness of paper is useful.

SAMPLE SIZE AND BREAKDOWN

The survey was conducted by independent research organisation Toluna with 532 Australian respondents in June 2016. The split in each age range of consumers was as follows:

AGE OF RESPONDENTS

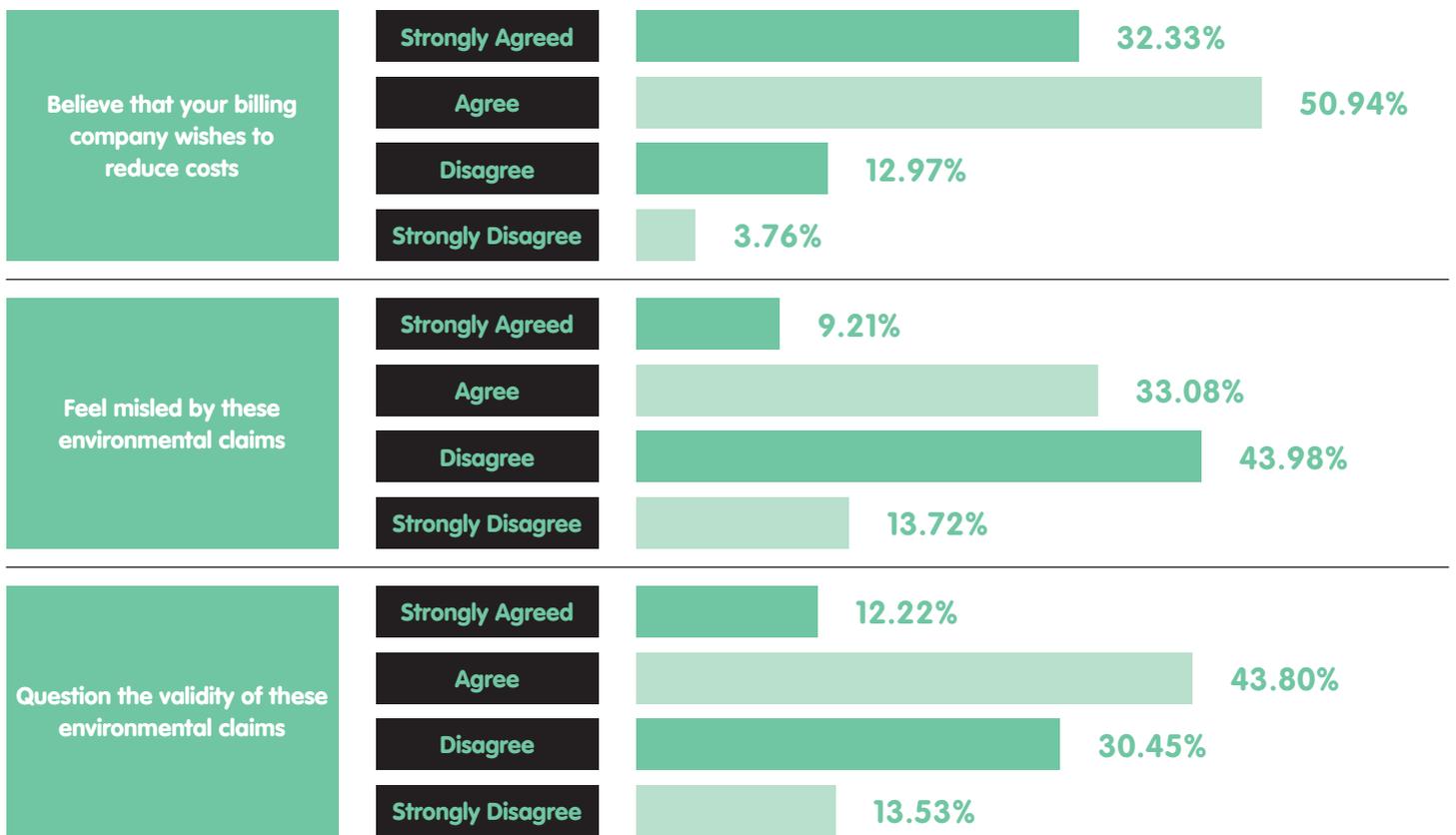


46% of respondents were male and 54% female. Individuals working in the paper, printing or allied industries were excluded from the survey. Respondents were spread across Australia.

QUESTIONS AND RESPONSES

1. ENVIRONMENTAL CLAIMS

If you see a company asking you to stop receiving paper bills or statements by using environmental claims like; “Go Paperless – Go Green”, or “Go Paperless – Save trees”, or “Get your bills on line - it’s better for the environment” do you:

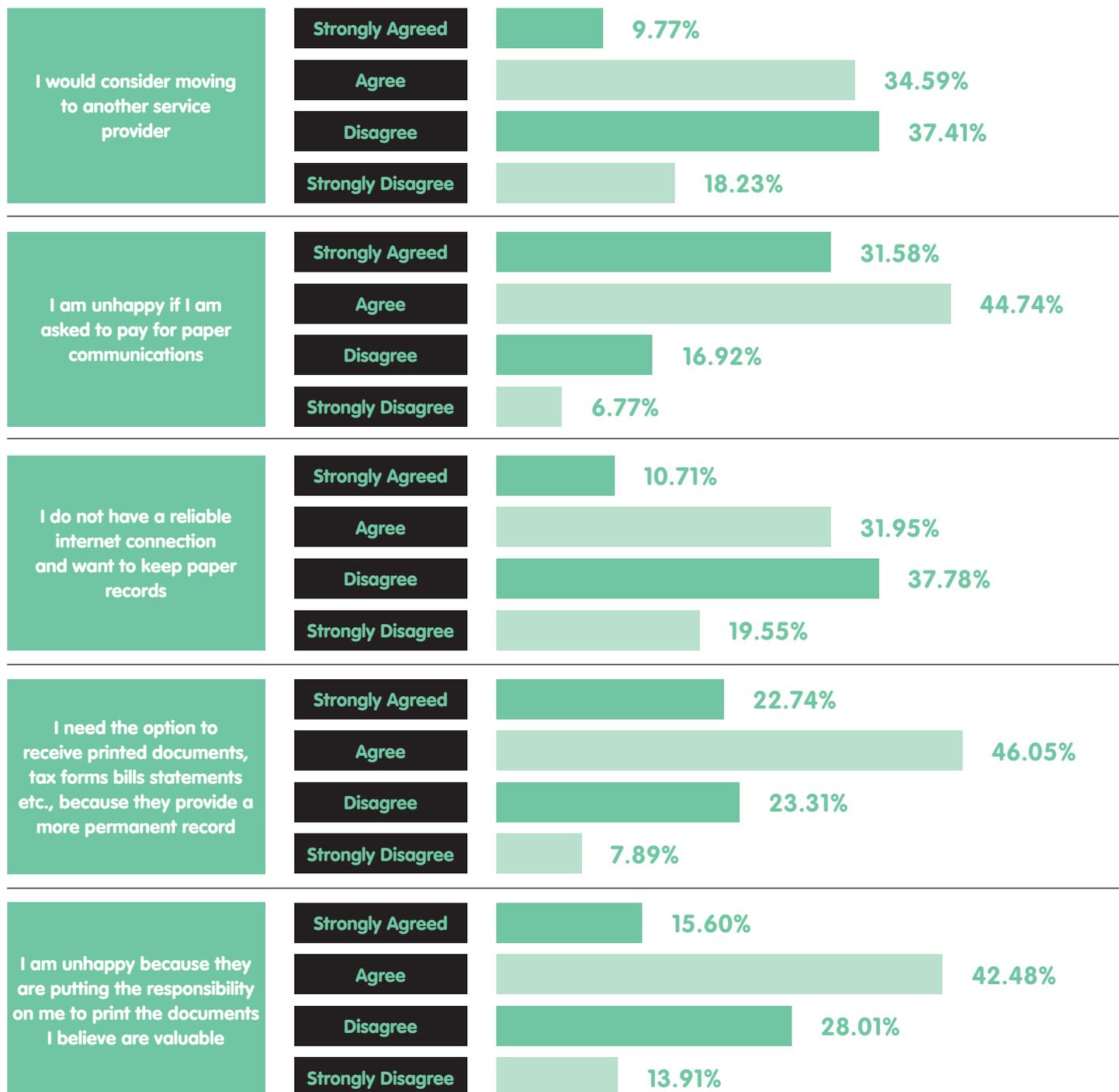


Research found consumer cynicism when they see environmental claims being linked to an encouragement to stop receiving paper bills and statements:

- 83% receiving environmental claims like; “Go Paperless – Go Green”, or “Go Paperless – Save trees”, or “Get your bills on line - it’s better for the environment” believe companies are seeking to save costs,
- 56% question the validity of these claims, and
- 42% feel misled by these claims.

2. THE MOVE TO ONLINE BILLING AND STATEMENTS

If you receive communication from any of your service providers or tax authorities informing you that they want to move to online services ('paperless' communication only), to what extent do you agree with the following statements:



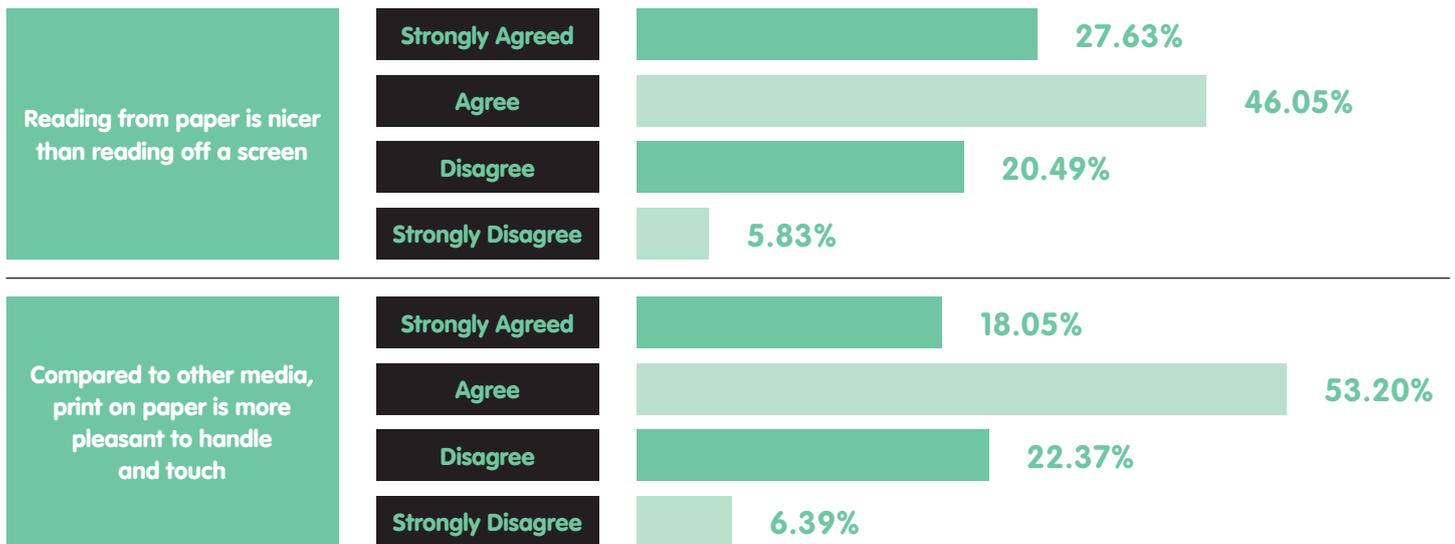
QUESTIONS AND RESPONSES

- 76% are unhappy if asked to pay a premium for paper bills and statements,
- 69% want the option to continue receiving printed information as it provides a permanent record for important documents,
- 58% are unhappy that the responsibility to print valuable documents is being passed to consumers,
- 44% would consider changing service providers if asked or forced to move to paperless communication, and
- 43% don't have a reliable internet connection and want paper records.

Findings indicate a majority of consumers are resistant to being unwillingly moved to online communications and are unhappy that it is now their responsibility to print valuable documents. Many consumers would like to continue receiving printed bills or statements because they provide a permanent record for important documents and some consumers do not have reliable internet access so require paper communications from companies.

3. CONSUMER PREFERENCE

To what extent do you agree with the following statements?

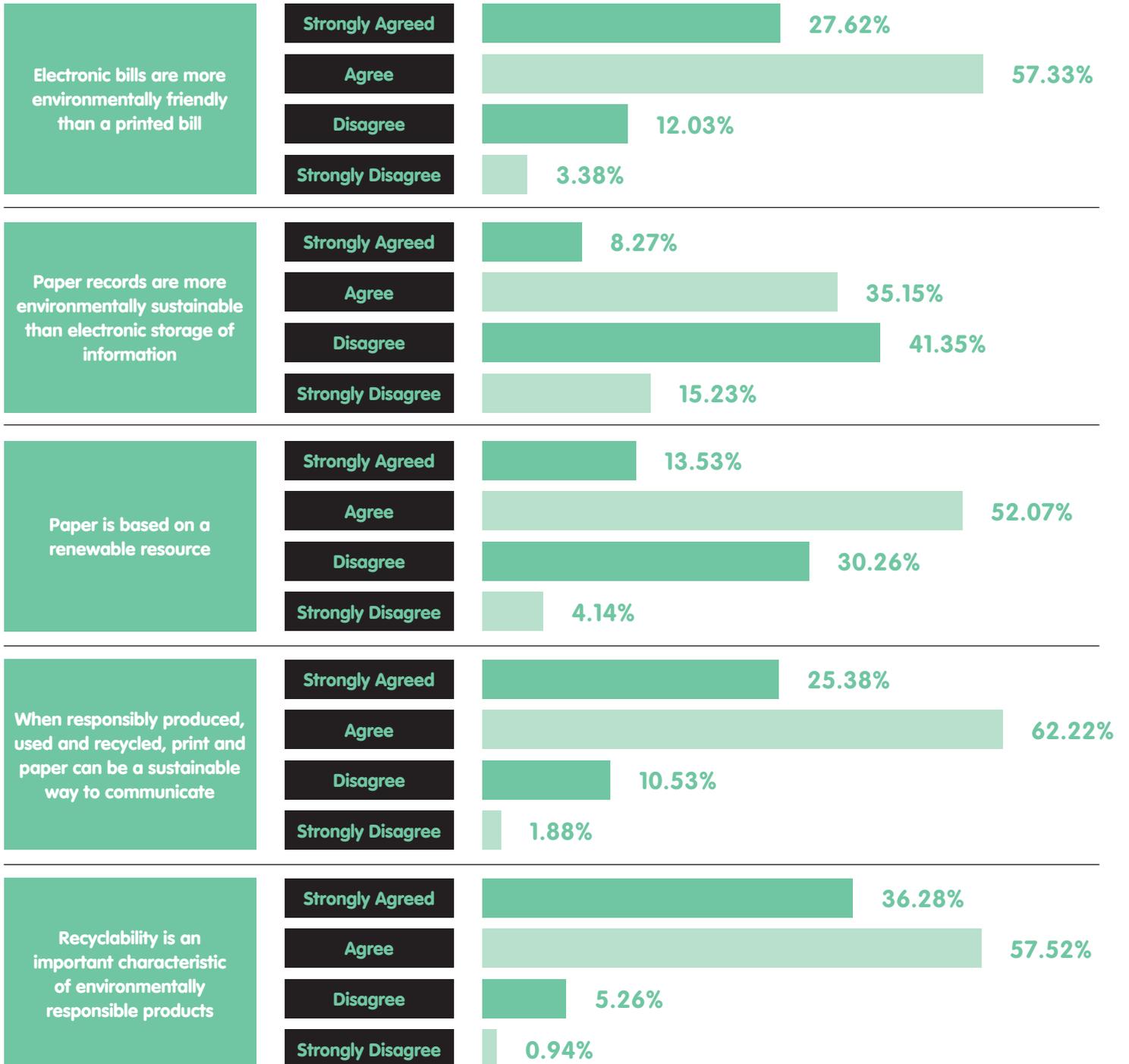


- 74% prefer reading print on paper than from a screen, and
- 71% enjoy the tactile experience of paper and print.

Paper and print is a preferred communication channel, with a majority of consumers agreeing that they enjoy the tactile experience and believe it's more pleasant to handle and touch.

4. ENVIRONMENTAL CHARACTERISTICS

To what extent do you agree with the following statements?



QUESTIONS AND RESPONSES

- 94% feel recyclability is an important characteristic for environmentally responsible products,
- 88% agreed that, when responsibly produced, used and recycled, paper and print can be a sustainable way to communicate,
- 85% believe that electronic bills are more environmentally friendly than a printed bill,
- 66% recognise that paper is based on a renewable resource, and
- 43% think that paper records are more environmentally sustainable than electronic storage of information.

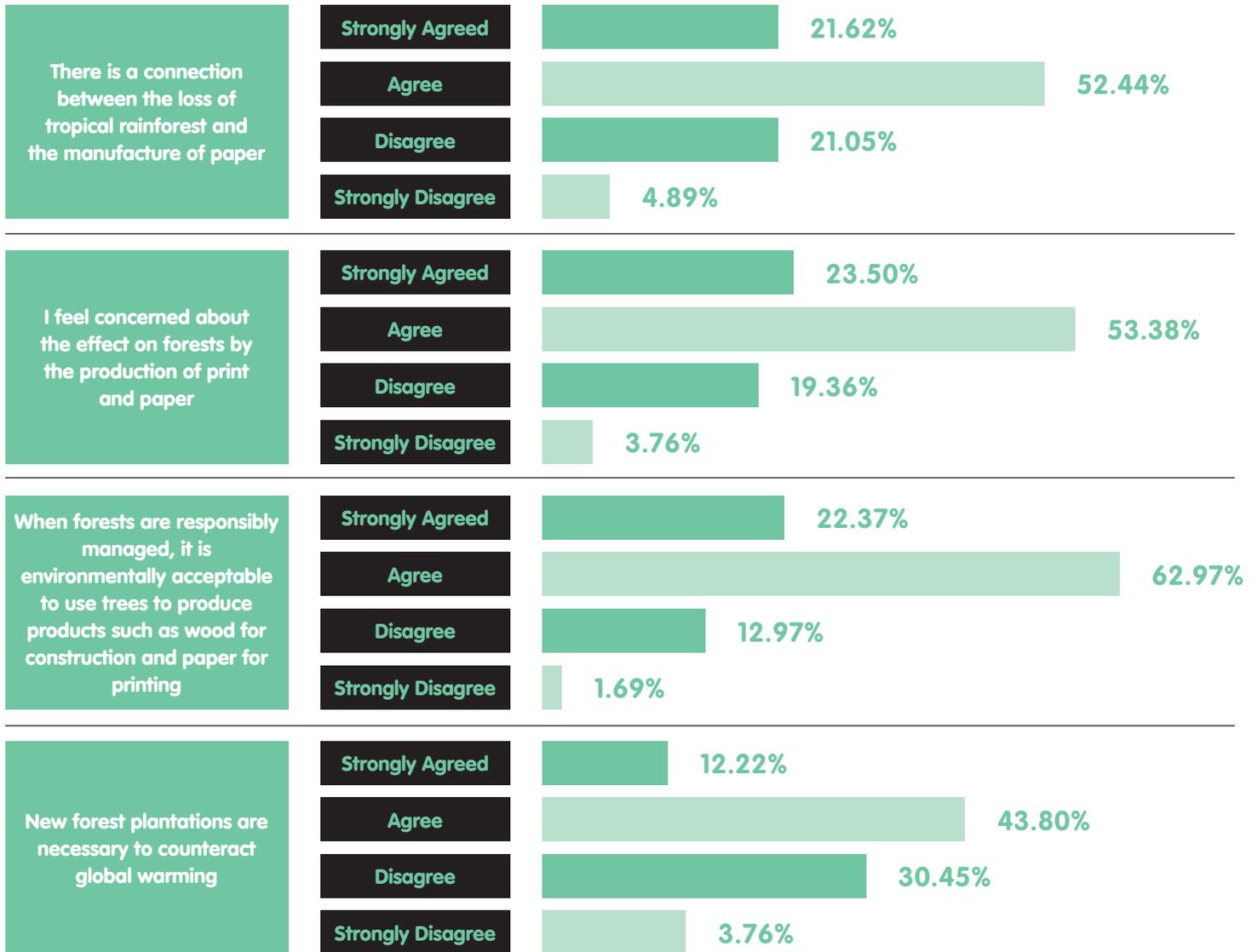
These findings highlight confusion among consumer beliefs surrounding the environmental characteristics of electronic and paper based communications. With 85% of consumers believing electronic bills are more environmentally friendly than paper bills, yet 43% of consumers still believing that paper record keeping is more environmentally sustainable than electronic storage of information, there is a clear consumer disconnect in understanding which medium is more environmentally friendly.

Interestingly, results show 66% of consumers recognise that paper is based on a renewable resource and 94% deem recyclability an important characteristic of environmentally responsible products. As paper is a renewable resource and 100% recyclable, people recognise that paper is a sustainable way to communicate when considering its environmental characteristics.

Consumers further agree (88%) that when responsibly produced, used and recycled, paper and print is a sustainable way to communicate. Despite mixed findings on perception between the environmental friendliness of electronics versus paper, consumers have a fundamental understanding of the sustainability of paper and print.

5. FOREST MANAGEMENT

To what extent do you agree with the following statements?



- 85% believe that when forests are responsibly managed it is environmentally acceptable to use trees to produce products such as wood for construction and paper for printing,
- 89% believe new forests are necessary to counteract global warming,
- 74% believe there is a connection between the loss of tropical rainforest and the manufacture of paper, and
- 77% are concerned about the effect on forests by the production of paper and print

QUESTIONS AND RESPONSES

Despite Australian forests growing in size by 308,000 hectares in the last five (5) years and the leading cause of tropical deforestation being conversion to agriculture lands, the research found that 77% consumers are concerned about the effect on forests by the production of paper and print, with a further 74% believing there is a connection between the loss of tropical rainforest and the manufacture of paper.

These findings show the lack of understanding among the Australian population about the manufacturing process of paper as 82% of wood harvested to make paper in Australia is from planted forests.

Interestingly, 89% of consumers agree that new planted forests are necessary to counteract global warming and 85% believe that when forests are responsibly managed, it is environmentally acceptable to use trees to produce products such as wood for construction and paper for printing.

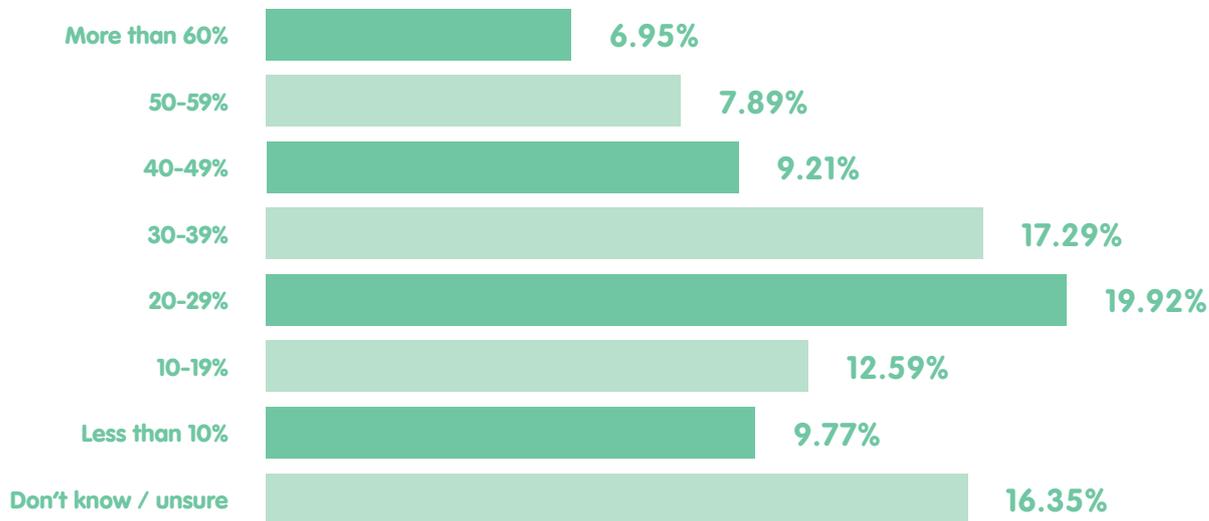
These findings indicate that education on paper manufacturing and the industry's contribution to growing the size of planted forests in Australia is required.

Sources:

Department of Agriculture and Water Resources, 2013

FAO Global Forest Resources Assessment, 2015

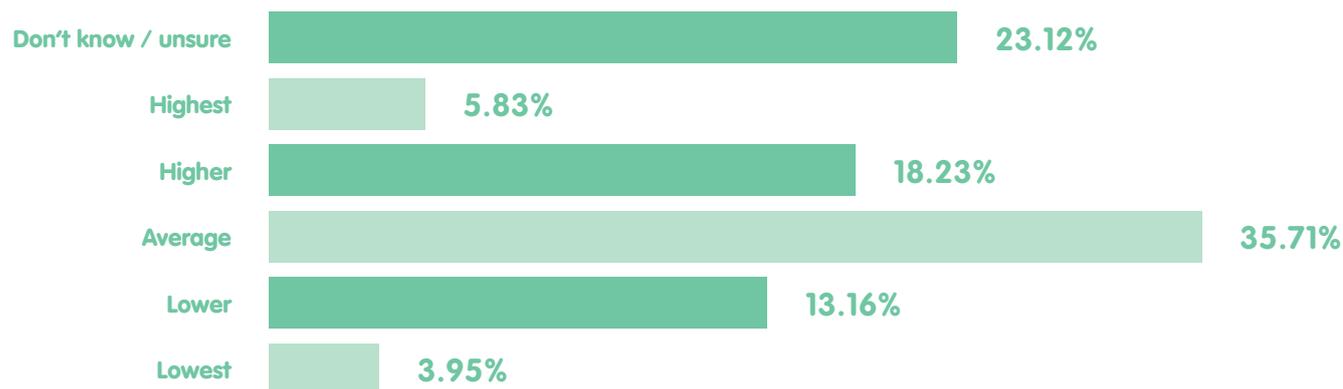
6.1 WHAT PERCENTAGE OF PAPER DO YOU THINK IS RECYCLED IN AUSTRALIA?



- 7% believe that the industry recycling rate is more than 60%, and
- 73% believe that less than 50% of waste paper is recovered for recycling.

6.2 COMPARED WITH OTHER PRODUCTS, WHAT IS THE RECORD OF THE PAPER INDUSTRY ON RECYCLING?

(Lowest = recycles the least. Highest = recycles the most)



- 54% believe the industry has an average or low record on recycling,
- 23% are unsure how the industry performs, and
- 24% think the industry is higher than the average.

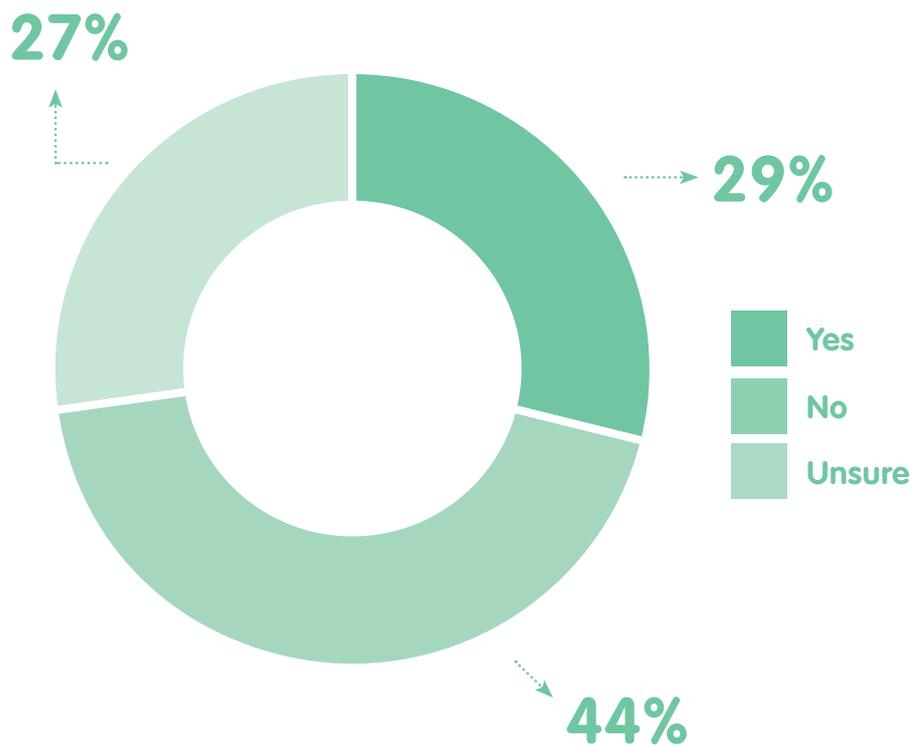
87% of all paper and paperboard is recycled in Australia , however consumers have very little knowledge in this regard reporting their perception that the percentage of paper recovered for recycling across Australia is low. Despite Australia's record of being one of the leading countries globally for use of recovered paper for paper production , consumers are unsure as to how the industry performs.

Sources:

Australian Forest Products Association, 2015

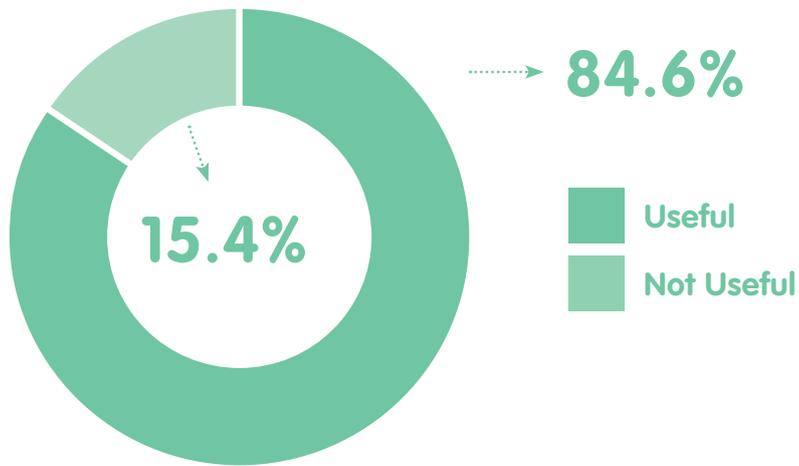
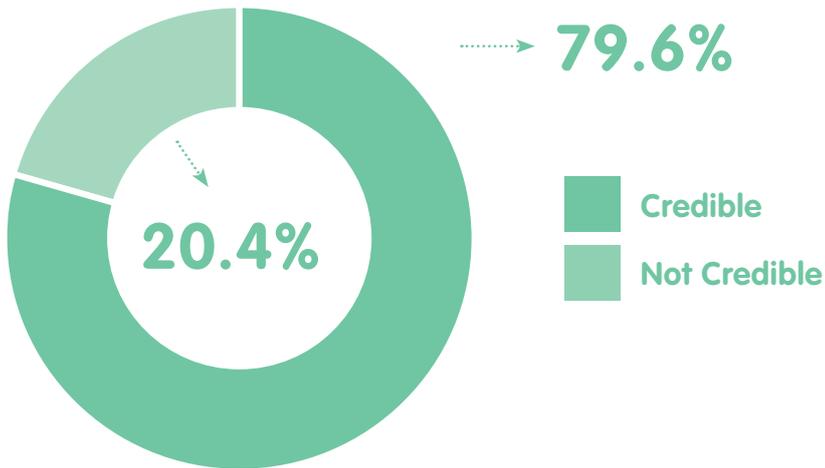
Department of Agriculture and Water Resources, 2015

7.1 HAVE YOU HEARD ABOUT THE ENVIRONMENTAL FRIENDLINESS OF PAPER AND PRINT?



- 29% of consumers have heard about the environmental friendliness of paper and print.

7.2 THOSE WHO HAVE HEARD ABOUT THE ENVIRONMENTAL FRIENDLINESS OF PAPER AND PRINT FOUND THAT THE INFORMATION WAS:



- 80% find that the information given is credible, and
- 85% find that the information given is useful.

When Australians hear about the environmental friendliness of paper and print, a great majority find the information useful and credible.

CONCLUSION

This report provides insight into how consumers view the environmental impacts of digital versus paper-based communications and how they perceive and use paper in their everyday lives. Findings indicate that, overall, consumers prefer to read from paper than from screens, appreciating the tactile nature of paper and many would like to continue receiving paper based statements from their service providers.

The research also indicates that, despite some mixed understanding about the environmental characteristics and origins of paper in Australia, consumers fundamentally believe that when sourced from sustainably managed forests, paper and print is a sustainable way to communicate.

The report further found consumer confusion across environmental impacts and recommends that education and awareness is required to assist with informing consumers about some of the misconceptions about the paper and print industry, particularly in relation to recycling rates, paper harvesting and the manufacturing process.

A SPECIAL THANK YOU TO OUR SPONSOR:

