

Sustainable Packaging— A Value Proposition

Growing consumer awareness and increasing sustainable material options bring new value to this emerging packaging proposition.

BY JEFF FALK

Packaging has always been something akin to a uniform. Both can be invaluable for quick identification, express something about the wearer and communicate a position. For brands, it translates to standing apart on a crowded shelf, imparting a brand message and aligning to a segment. And though this fundamentally remains true, there has been a clear change in the materials and insignias of these uniforms—with substance sharing equal billing with style, but without a negative impact on most brand goals. It's a cause and effect story that has rounded back upon itself in some ways.

At one time, products positioned as natural were not packaged all that differently than those not in the segment. But, as more and better materials became available, natural and organic products adopted packaging appropriate to the positioning and brand story: Emphasizing the natural message, and appealing to consumers who embraced environmental and well-being causes and lifestyles. The underlying consumer interest in these issues had implications beyond the product itself, and in an interesting turn, products and brands across industries making no claim to the natural segment began adopting postconsumer and other waste materials deemed more eco-conscious. Brands found that packaging fitting this criteria had broader appeal to a wider consumer base, and at the same time, it is also a competitive proposition as more natural and organic products can be found on shelves at mass

retailers and are drawing the attention of a growing number of consumers.

"Consumers seem to be more interested in greener packaging and products than they were in the past," says Monica Olsen, founder of Skin by Monica Olsen, headquartered in Castaic, California. "More people are purchasing organic food and more natural cosmetics and/or skin care. Many feel that by purchasing organic and/or natural products, they are doing their part for the environment and are caring for themselves better."

Improved materials and processes to obtain these materials allowed a sustainable message, not necessarily natural, expressed through the packaging to become a selling point that could be applied agnostically. For brands and manufacturers, it is a profitable business model that holds to principles concerned with stewardship of the environment. Resources are used more productively and efficiently, waste is eliminated and sustainable profits result, and the secondary rewards include consumer retention. As noted in "Retail's Natural (R)evolution" in this issue, Aveda found that 68% of consumers will remain loyal to a company that has a social and environmental commitment. And it's a move that, when done right, doesn't negatively impact positioning or the overall brand aesthetic.

"When Estée Lauder started using postconsumer waste for its Origins brand [for which Curtis began receiving awards in 2005], the industry became aware of

the possibilities with these materials, but it didn't know how to access them," says Don Droppo Jr., senior vice president of sales and marketing for Curtis Packaging in Sandy Hook, Connecticut. "That's when an education push about sustainable packaging began. There was now this awareness that, 'Wow, there are some sustainable packaging solutions out there that look really good.'"

The call for sustainable efforts became difficult to ignore.

"The sustainability movement has gained tremendous momentum due to a confluence of legislative, corporate and consumer interest," says Dennis Bacchetta, director of marketing, Diamond Packaging, Rochester, New York. "As a result, more companies are implementing green purchasing policies, and a majority include environmental performance considerations in product specifications. Marketers are interested in packaging that captures the essence of the brand and delivers impact while communicating an environmentally friendly image or awareness. As consumers become more aware of the term 'sustainability'

and what it means to them, they will likely expect their favorite brands to adopt an environmentally friendly approach with regard to their product and its packaging."

"As people recycle more, they look for more recycled materials when they are making a product purchase," adds Jennifer Schweitzer, brand manager at Nature's Gate in Chatsworth, California.

A growing number of companies have addressed the sustainability movement by reviewing their product packaging—including graphics, structures and choice of materials—and have found it is possible to maintain an upscale look appropriate to the luxury positioning that is important to many beauty brands. Bacchetta calls the move to support environmental concerns without sacrificing identity "green chic."

"The use of sustainable packaging does impact the overall marketing and business strategies of a company, but in [positive] ways," says Bacchetta. "Many consumer product companies have become educated on sustainability, and have refined their packaging to be more eco-friendly without

significantly altering the brand image. Rather, they have adapted their brand positioning to become more 'eco-conscious' or responsible."

Two Paths Merge

For sustainable packaging efforts that began before the current wave, there seem to be two starting directions from which they ultimately converged: as a business proposition that led to the inclusion of stewardship as an overall corporate mission or as part of a stewardship mission that proved to be a good business proposition. Whichever, the efforts were contagious—influencing supply chain partners and customers alike to consider the choices.

"Ultimately, we wanted to get more business out of it, and it morphed into a whole culture," says Curtis' Droppo. "We look at what we do from a triple bottom line; everything we do has social, environmental and economic considerations. It gelled for our customers when we decided to eliminate foil-laminated products. The idea was to simulate the foil. The result, CurtCHROME, is recyclable and less expensive. It put us on the board with a lot of customers. At first, a lot of customers didn't care that it was recyclable. They cared about the money. We showed them cost savings, and even though we were preaching the environmental benefits, a lot of our customers were not as interested in the sustainable aspect. But as time ticked past and green was everywhere, people started paying attention and circling back. Five years ago it was, 'Wow—you can save us 15%, that's great,' to 'Wait—that's recyclable, right?' What's now being called environment sustainability ... for us, it was just sound corporate strategy. Now it's sustainable business practices."

Skin by Monica, according to its founder, made the use of sustainable packaging an early goal as part of its eco-responsible philosophy—and its packaging has been consistent and was a budget consideration since launch. Olsen thinks the choice may be more difficult, however, for companies making the decision later in its corporate life. "There is no negative impact for us, but if a company had not addressed such issues in their business model, then it would be a difficult adjustment—both culturally within the organization and economically," she says.

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making a product purchase,” says Jennifer Schweitzer, brand manager for Nature’s Gate, noting that its consumer base is the first consideration when the brand looks at packaging options. “When we’re sourcing new materials, including PCR (postconsumer recycled), we do so because we think that it’s important to our consumer.”

There are caveats about changing packaging, Schweitzer notes, which are applicable whether a brand makes a wholesale switch in materials or simply updates what it is already using. “You don’t want to change your packaging dramatically, because you want to ensure that consumers currently buying your product can still find your product—that they continue to recognize your brand,” she says. “But at the same time, you do what you can to enhance the shopping experience—and to make that shopping experience easier or more informative.”

Supply Chain Implications

According to Diamond Packaging’s Bacchetta, an overall sustainable packaging proposition requires collaboration with partners throughout the supply chain—including marketing/sales, distribution and retailers—that translates into brand dividends.

“Sustainability optimizes the value of packaging through every phase of its life cycle, from design to end of use,” he says. “Through creative design, careful material selection and best practices at the plant level, companies are able to minimize waste, reduce shipping costs and increase efficiencies—all of which support a sustainable use of resources and cultivate a positive emotional connection to the brand.”

“We talk to our suppliers all the time,” says Schweitzer, noting that there are real economic considerations in any packaging decision. “Obviously, you have to weigh the cost implications. You want to deliver a product that is affordable. It’s not so easy to just change your packaging, because you have a formula that has to undergo stability testing,” she continues. “So, when you make a change like that, it’s pretty major. Two to three months [of] stability testing are needed to make sure the product is going to be safe to use in a new package. When we are reformulating or creating something new, that’s a good time to evaluate the packaging. In general, we want to make sure that we have a cohesive line. If we’re

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Diamond Packaging

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adding a new product to a category, we want to make sure it fits in with what we’ve already established. Brand identity or appearance is going to override the technical piece (the materials). Hopefully, down the road, that won’t be a road block. Right now, there are cases when certain materials we want to use are not optimal.”

Sharing the Story

As brands respond to calls for an eco-conscious sensibility, gauging consumer reactions is important in the formulation and execution of ongoing strategies, and understanding both consumers’ choices and the reason behind those choices is imperative to any business proposition.

In considering sustainable packaging options, another fundamental question is, “Does this earn my brand sales?” This is particularly important if the use of these options are undertaken solely to back a marketing initiative. “Recent studies suggest that [sustainable] does deliver value, but it’s not yet a key driver for purchasing decisions of most consumers,” says Bacchetta.

“Consumers are aware of the issues at hand, no question,” says Olsen. “Trying to please everyone will never happen, so we have made decisions based on what we think is the best overall sustainable choice. Overall, consumers are more realistic about these issues than other stakeholders, so it appears that they are supportive of our efforts. We try to share the message as often as possible; it is an issue about educating consumers—and is an extremely important

issue for our future. In addition, it is imperative that there are numerous options for consumers, and this will happen more as consumer demand drives down costs.”

Careful and considerate use of packaging materials that bolster a brand’s eco-mission does have the power to please the consumer stakeholder and give them more reason to buy into the brand. “Marketers do share their packaging story with consumers, touting various environmental claims. They realize that consumers want simple answers to complex sustainability questions,” says Bacchetta, who also cites numbers that demonstrate both consumers’ interest and suspicion. “According to a recent Roper-Yale Survey on Environmental Issues*, a large majority of consumers (more than 70%) want additional information about environmental impacts on product labels. According to the EcoMarkets 2008 Summary Report**, however, 91% of respondents believe greenwashing is a problem that needs to be addressed. Solutions include better education, better enforcement of guidelines and better use of eco-labels. Eco-labels are beneficial because they make buying easier and pre-screen products for consumers. Adding graphic elements such as the Forest Stewardship Council’s certified paperboard logo or an environmental statement on how the package was manufactured [e.g. using renewable energy] can have a very positive impact on consumers.”

“A sustainable message on packaging is a way to engage consumers,” says Droppo. “Providing a tangible message—‘We saved 27,000 trees,’ for example—resonates with stakeholders. It’s not only [that] XYZ company is mindful of the environment, it’s ‘look what they did’. Those kinds of efforts are contagious.” ■ GCI

* Roper-Yale Survey on Environmental Issues is a collaboration between survey researchers at GfK Roper Public Affairs & Media and scholars at the Yale School of Forestry and Environmental Studies.

** The EcoMarkets 2008 Summary Report was published by Terra Choice Environmental Marketing in conjunction with the Responsible Purchasing Network and the North American Green Purchasing Initiative.



JEFF FALK is senior editor of GCI magazine.