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Retailing takes on environmental measures

BY MIKE DUFF

NEW YORK — When the word sustainability surfaces in conversation these days, as it does more and more often, common reactions among retailers and

often misunderstood, movements—it helps to remember that the mass market was practicing sustainability long before it became fashionable.

Discounters, after all, built their current retail supremacy by aggressively driving costs for function. In areas such as transportation, for example, they enlisted suppliers to develop lighter and otherwise more economical packaging—the byproduct of which is a lighter item that requires less energy to ship, consumes fewer natural resources and generates a lower level of emissions.

The big difference with today's sustainability movement, however, is



vendors alike are, Am I doing enough, and, Should I be doing more? In answering these questions—and perhaps quelling the angst that is often associated with such highly anticipated, and

that the environmental benefit is no longer a mere byproduct. In the last several years, as talk of global warming and the high cost of fuel have thrust the issue of the environment into the spotlight, sustainable business pursued for the genuine good of the planet is moving front and center on many people's agendas, not least of which are the nation's leading retailers.

Pursuing sustainability in this fashion, where the environment—not the bottom line—is the central focus, is a noble pursuit for sure. But it also conflicts with today's cut-throat, tight-margin, lean-and-mean business environment. And that's a delicate issue. It's not surprising, therefore, that

companies which support sustainability are highly conscious of this new economic paradigm. So conscious, in fact, that the ones leading the charge are



AVC is exploring ways to reduce the packaging for consumer products.

very careful not to surrender the economic principles that made them successful in the first place.

A case in point is a company like Wal-Mart. At the Food Marketing Institute's convention in May, Bruce Peterson, the company's senior vp and gmm of perishables, told food vendors that the retailer isn't going to overturn successful practices even as it leads retailing in exploring green practices. Wal-Mart won't, for instance, start stocking solar panels in the stores just to seem greener when it recognizes that its customers aren't going to buy them. Rather, Wal-Mart is looking for ways to incorporate environmen-

tally sound ideas into its overall strategy of providing customers with quality products for less money, Peterson said.

Later in May, Wal-Mart also took out a full-page ad in the business section of *The New York Times*, among other national papers, to let vendors, investors and consumers know that the company's drive to improve sustainability would always have an efficiency dimension. The ad pointed out that eliminating efficiency has been a Wal-Mart tradition, and went on to declare ambitious environmental goals such as developing a 100% renewable energy supply. It also detailed the first steps it is taking to meet those goals, including investments in waste reduction, energy-efficient engineering at stores, improvement in truck fleet fuel use, cutting greenhouse gas emissions and "encouraging our worldwide network of suppliers to use every opportunity to reduce unnecessary packaging."



Anheuser-Busch's aluminum bottles are lighter than glass and cut down on energy used to transport the product.

Much of the efficiency mass-market retailing has achieved has been accomplished through partnership with vendors, and packaging is one area where improvements have required close cooperation. Of course, efficiencies weren't sought in a vacuum, and vendors, just like retailers, usually have more than one consideration when they develop programs that deliberately or coincidentally have had a green cast.

Anheuser-Busch, for one, has been promoting aluminum bottles. The development of aluminum packaging is a green story, although the environmental improvement came from attempts to reduce costs. Once, crushing a beverage can was a sign of superior strength, but it's difficult not to dimple a modern aluminum can while drinking from it. Compared with an earlier generation of packaging, today's cans require little material to stand up to transportation and use requirements. So, modern aluminum beverages packages require less raw material, use less gas in transport and are readily recycled.

Just as in comparison to metal beverage containers of the past, aluminum cans are greener than glass bottles, which are thicker, heavier and use more energy to transport. Anheuser-Busch has been eagerly promoting aluminum cans as an alternative container. But it isn't pushing the sustainability issue at this point. Rather, the brewer is emphasizing the marketing and merchandising advantages aluminum bottles offer. The safety issue is one key reason why aluminum bottles were developed and now are found at ballparks where falling—or flying—glass bottles would be a hazard.

Critically in today's adult beverage market where consumers are looking for new experiences, the aluminum can offers novelty. A-B developed a green Bud Light aluminum bottle for St. Patrick's Day that not only sported a colorful emerald tone but also looked mockingly similar to a new generation glass bottle meant to signal the presence of a certain Dutch brew at bars and parties.

In June, A-B extended aluminum bottles to the Ultra



AVC's Reusable Retail Packages can be used as storage for products they contain.

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brand line, citing its ability to apply high-gloss graphics as one reason for the move. Aluminum also gives A-B the ability to create unique silhouettes for its bottles, such as the pin-shaped Bud, Bud Light and Bud Ice bottles the brewer popularized at bowling alleys. A new promotional can was developed for this year's Sturgis motorcycle rally, which just ended in South Dakota, and more are planned, said Dan Hoffmann, vp of brand creative services at Anheuser Busch.

A-B quantifies the popularity of its packaging innovation by citing a first-quarter 2006 sales increase of 602% for beer in aluminum bottles versus the same period last year. The aluminum bottle initiative is one of the classic examples of a company pursuing an initiative based primarily on other priorities, but with a secondary cost savings and sustainability element built in.

"The aluminum bottle is about four times lighter than glass," Hoffmann said, "but the driver of the program is sales. It's more consumer-centric. As for the cost savings on the energy side, it is certainly there. It's a lucky strike extra."

Sustainability efforts among vendors in the present environment aren't necessarily secondary, though. They have frequently become an integral part of going to market.

Springs Global has introduced a line of domestics featuring natural fibers, fills and dyes that it calls Wamsutta Natural Wonders. Leslie Gillick, vp of brand management, said that

when it came time to develop packaging for the line, it only made sense to create something that was consistent with the brand's substance and message. The solution Springs Global product developers arrived at was a bag made from natural fibers that consumers could use as a tote after they had removed the product. "The attitude was that, where we were using something more natural, it would be sensible to do something consistent, so eventually we came up with the reusable bag," Gillick said.

Reduce, reuse and recycle are not just a mantra with AVC Corp., but the foundation of a business plan. The company develops cutting-edge environmental packaging to specs that come from its clients and, ultimately, retailers.

Retailers are driving green trends in consumer goods packaging just as much as they are in store design, said AVC president Moshe Begim. Packaging is another area where many considerations affect the outcome. For instance, Wal-Mart, despite its sustainability initiatives, has traditionally preferred bulkier packaging than Target because bulky packaging works as a theft deterrent there. Target, in contrast, uses anti-theft electronic tags and so can reduce packaging more readily.

Wal-Mart is looking carefully at its options in regards to environmentally superior packaging, Begim said, as are other retailers. AVC's job is to look at materials, constructions and usage to provide options that work in a range of environments.

One solution AVC provides is

Environmental Rigid Blister packaging made from a combination of recyclable plastic, blister board and corrugated. ERB is cost-effective, reducing the amount of plastic necessary to form a package, and eliminates the need for a paper insert. In addition, ERB doesn't require the same sealing processes as standard clamshell packaging, permitting use of PVC-alternative materials, including RPET and PETG plastic, NatureWorks vegetable-based material and clarified Styrene. PVC is the material of concern to San Francisco lawmakers and to others who have harkened to health concerns that have been raised about the plastic.

Other products from AVC include the Environmental Packaging Solution, made from recyclable plastic and corrugated and designed so consumers can easily remove the corrugated from the plastic after opening the product, making it easier for them to separate and recycle the components, and the Reusable Retail Package, a book-like pack that the consumer can retain as storage for products they contain.

Begim said that many of the greener materials his company works with have drawbacks in their performance or cost, but solutions have been found or are being sought. For example, vegetable-based plastics such as those under the NatureWorks label, produced by Cargill, have a high melting point and can't stand up to the rigors of conventional shipment. However, the package is perfect for food products that must be distributed under refrigeration. Other products might be more expensive but now can be embossed with graphics and other label ele-

ments, eliminating the need for paper inserts that are an additional expense and that make recycling more difficult.

As the issues involving sustainable packaging evolve over the next several years, business decisions and technology will cause profound changes in the marketplace, Begim said.

"Retailers have to deal with the size of a package," he said. "They have to not put so much into packaging and can put electronic devices in to accommodate security needs."

Business decisions and improvements in technology could very well transform consumer product packaging over the next several years, particularly if consumer interest in sustainability continues to swell. The issue of package size is one where retailers can, if they chose, completely rewrite the standards as they exist today by changing how they address consumers and working with their vendors. "The issue of package size is being dictated by major retail stores," Begim said. "We're abiding by request of the client who is doing so with request from retailers."

Backing emerging technology is one way retailers can drive sustainability in packaging.

"Using vegetable oil-based product is an ingenious solution," according to Begim said. "People will invest time and R&D into it and stabilize the material. Now, you're moving to a biodegradable package. Now, you don't even need recyclability."

Still, consumer fickleness also has the potential to impact sustainability trends. What worries shoppers one week may

be of little concern the next. Nowhere is the affect more evident than in organic food, a central element of many sustainability programs.

Historically, specific food or health concerns have arisen to enhance demand for certain organic products. Right now, worries about the impact of bovine hormone and antibiotic treatments are contributing to strong organic milk sales. A decade and a half ago, it was Alar and other agricultural chemicals driving sales of organic produce. Demand swelled, retailers expanded organic produce assortment, but consumers lost interest in the issue and food retailers found they couldn't sell many of the natural products they added. Certainly, interest in organic foods remained higher than it had been, but demand continues to have peaks and valleys. Ironically, many food retailers were criticized for withdrawing organic produce in the early 1990s after the Alar scare as if they were eager to stop selling apples that sold for more than the standard staple.

By sticking to environmental choices that provide economic benefits, retailers can make a real contribution to sustainability while maintaining their economics and avoiding criticism over programs that might become untenable when consumer interest wanes. By pursuing it thoughtfully, retailers can sustain sustainability. ■