



“ What is unsustainable will not be sustained. ”

Economist
Milton Friedman,
University of Chicago

SUSTAINABILITY BEYOND THE NEW NORMAL

2020 has been challenging for the industry on all levels. On the one hand having to deal with challenges that arose due to COVID-19, while on the other managing those that existed pre-virus.

Prior to the pandemic, one of the key themes was centred around sustainability as a direct consequence of the modern, consumerist and largely urbanized way of life. Retailers no longer have the option to be silent on sustainable issues, with significant steps having already been taken to reduce our impact on the Earth with defined timelines and the clock ticking around the central issues of recycling, bio-plastics and food waste.

From a retail perspective, economic sustainability is focused on **plastic reduction** seen by the introduction of the UK Plastic Act, as well as initiatives around **recycling and food waste**. With governments and institutions avoiding delaying decisions, it is time for the FMCG sector to swiftly adapt and

align with the changes that arose due to the pandemic.

If **disposable packaging** pre-COVID was focused on initiatives such as no packaging aisles, bringing your own container or utilizing product dispensers, post-COVID packaging needs to integrate a new element in the mix, that of safety. The notion of non-disposability is not to be put aside, but instead reviewed with the potential to adapt to whatever is already in the pipeline. Take for instance the digitization of dispensers at digital salad bars in the US or the recent introduction of Nivea personal care dispensers in Germany. Packaging now needs to address the critical safety concerns of avoiding unnecessary contact. Currently, 55% of UK adults feel it is more important to protect food hygiene than it is to minimize plastic packaging waste.* However, this is a short term view as sustainable packaging will return as a key topic for shoppers in the near future.

The challenge lies with plastic reduction. Despite a six-month delay in banning plastic straws and stirrers in the UK, plastic in packaging remains persona non grata, with the industry working on fulfilling its compliance commitments around this issue. Efforts are underway to introduce more recycled plastic as well as identifying other plastic alternatives.

Questions around plastic usage also need to address recycling with the UK facing the challenge of the collection thereof. Initiatives implemented by Kroger via its Private Brand Program Simple Truth** that offers a free recycling program, in partnership with US based TerraCycle, provides food for thought and illustrates how a retailer can successfully implement sustainable initiatives via a Private Brand Program. Challenges will undoubtedly arise, so too will initiatives in order to work around them. The partnership between Kroger and TerraCycle allows customers to ship their used

products and packaging to their offices using a free, prepaid label. Customers participating in this program can earn points for every pound of eligible packaging sent with redeemed points transferred into donations for charitable organizations.



Other initiatives around plastic bags are also becoming more mainstream such as the use of paper bags or the implementation of reusable net bags for fresh produce with Lidl and Aldi driving the movement across European countries. While bioplastics, still relatively new to the mix with much higher costs than current plastic options, will undoubtedly become a relevant part of the envisioned change. The European project YPACK, is a great example. The proposal offers a “3-in-1” solution which allows the packaging created from food waste, to be biodegradable and compostable.

In line with that, food waste and the circular economy continues to be a hot topic. Consumers are introducing new behaviours to minimize their waste by thoughtfully planning meals in order to minimize wasting ingredients, for example using the OLIO App where leftovers are shared. Others, such as the Too Good to Go platform or products born from the circular economy will be impactful not only to the environment but also to shoppers. **The circular economy is becoming a source of product opportunities** and retailers are embracing these with their Private Brands. For example, banana bread recently launched by Continente in Portugal. Or outside the FMCG sector, Lidl launching a range of trainers made from recycled plastic.

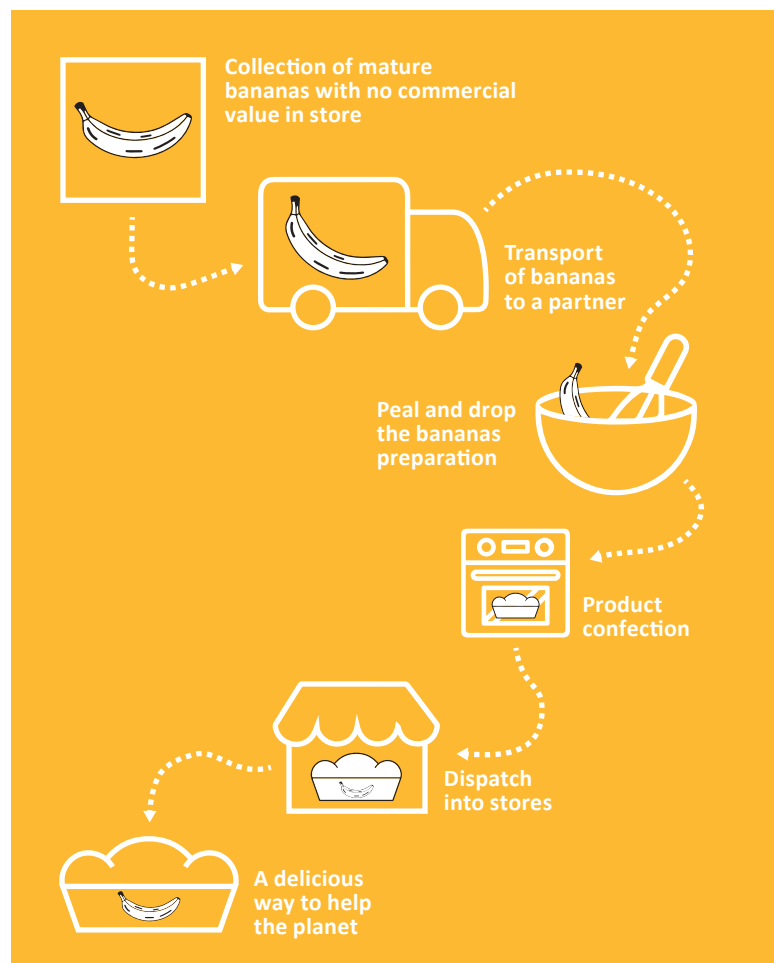
The impact of COVID-19 on sustainability is huge as it raises new issues that need to be addressed, along with opportunities by making products more relevant to shoppers. **The question is how to keep on consuming packaged food by reducing the impact on the environment. Retailers have a significant role to play via their Private Brand as a translation of their sustainable commitment to consumers.** The correct approach lies in understanding consumers, optimizing existing solutions and collaborating with the right partners to deliver the best solutions.

* Source: Mintel.

**Simple Truth is a Private Brand from Kroger with a natural & organic positioning. In 2019, it exceeded \$2.3Billion in sales.



Panana - Naturally sweet product from circular economy.



Continente's circular economy banana bread process.

For more insights and recommendations for driving your private brand, contact: idc@daymon.com