

Sense and sustainability

The recession may have forced retailers to look harder at cutting their packaging spend, but for some this has not come at the expense of the strategic issues in the packaging debate: sustainability and customer usability. Tesco's **Sonia Raja** speaks to Jim Banks about putting progress in packaging firmly in the context of product requirements and the broader supply chain.

The natural response of businesses in the grip of the economic downturn is to focus above all on cost reduction, and packaging is often a prime area for cutbacks among retailers. Some are happy to buck that trend, however, and notable among them is Tesco.

Britain's largest grocery retailer has reacted to the recession by focusing even more on the needs of its customers, and by confirming its long-term commitment to strategic issues such as sustainability in packaging. As a major supermarket, Tesco puts customer needs at the top of the agenda, which is why it has introduced a more affordable product range at a time when economic circumstances are challenging for many of its customers. Yet the company also understands that packaging and sustainability need to remain a priority.

An important part of this equation, Tesco's head of packaging Sonia Raja engages with companies whose goods Tesco stocks in order to ensure that packaging is optimised to meet customer needs and the company's long-term environmental goals in equal measure.

"Our main focus has been to minimise wastage," she says. "We signed up to the Courtauld Commitment, which initially set the goal of saving 15% of packaging on own-label and branded goods. We've already achieved that on our own-label products, and on branded goods we are making very good progress."

Over the last few years, Tesco has managed to save 100,000 tonnes of packaging by identifying elements of it that are not necessary for the function of the supply chain or to meet consumer needs, and also by reducing the weight of packaging. In making these savings, Raja says that there has sometimes been an increase in cost to the retailer, due to factors such as new labelling or the use of more sophisticated technology. For instance, Tesco is among many retailers supporting the On-Pack Recycling Label, an initiative launched by the British Retail Consortium with support from the Waste & Resources Action Programme (WRAP). Research has shown that consumers can be frustrated if they do not know what parts of packaging can or cannot be recycled, so the organisations behind the initiative saw a need for clearer guidance on individual packs.

The initiative aims to deliver a simple, consistent, UK-wide message on retailers' own-brand products and brand-owner packaging, which should help customers to recycle more. The label puts packaging materials into one of three categories: 'widely recycled' - where 65% or

more of UK local authorities have collection facilities for a material; 'check local recycling' - where 15% to 65% or local authorities collect the material for recycling; and 'not currently recycled' - where collection facilities are operated by less than 15% of local authorities.

Membership of the initiative is part of Tesco's commitment to a holistic approach to packaging.

"We have to look not only at primary packaging, but also secondary and tertiary packaging. We are trying to make our packaging as recyclable as possible. We also have to include the social, economic and environmental aspects. We did a lot of work last year across the whole value chain, like developing the standard labels," explains Raja.



The Courtauld Commitment

A voluntary agreement intended to improve resource efficiency, reduce carbon emissions and lower the environmental impact of the grocery retail sector.

Phase 1 focused on the use of new technologies to reduce the amount of food, products and packaging that end up as household waste.

Since 2005, over 40 major retailers, brand owners, manufacturers and suppliers have signed up to the agreement.

The retailers backing the agreement account for 92% of the UK's grocery supermarkets.

Phase 2 moves away from purely weight-based targets and focuses on sustainability across the entire product lifecycle and throughout the supply chain.

The truth about packaging

Despite the recession, Tesco holds true to its belief that packaging must be invested in, and it has shown willing to devote resources to initiatives that benefit customers and the environment alike. That is why it has stuck firmly to long-term goals in areas such as waste reduction; the supermarket is one of the signatories of The Courtauld Commitment Phase 2 [see boxout], which sets admirable goals for the reduction of packaging waste. The first phase of this agreement was largely based on measures relating to the limited amount of landfill space in the UK, as well as consumers' complaints about excessive packaging on products. Raja believes, however, that there is a need to clarify how much of an impact packaging has on the use of landfill space.

"The amount of packaging that goes to landfill is minimal, the majority of landfill waste is quarry or construction waste. Compared to that, packaging is a drop in the ocean, but that is often misunderstood," she remarks.

Similarly, Raja feels it is important to allay any concerns customers may have

about excessive packaging. "There may be a perception that products are sometimes over-packaged, but we try very hard to minimise the amount of packaging in the supply chain. We have over 2,000 stores in the UK alone, stocking over 20,000 items sourced from all over the world, so it is important that our packaging is also fit for purpose and does not compromise the product protection and preservation," says Raja.

"It is part of a holistic approach to packaging. We have to look at the whole supply chain. This is the way forward, because it will contribute to our target to reduce the carbon emissions from our supply chain by 30% by 2020," she adds.

Tesco has worked hard to understand which packaging on which products caused the greatest concern to its customers, having conducted a trial in which customers could leave excess packaging in its stores. Out of approximately seven million items sold, less than 0.02% of the packaging was left behind, according to the company, which suggests that its products do not come with excessive packaging.

"This is because the packaging had a purpose at the point of sale and plays an important role in enabling the supply chain. This role could be better understood, which is why we are engaging with our customers to help inform their decisions," says Raja.

Cartons and carbon

Tesco's wider view of the supply chain has also led to research into the carbon impact of packaging. It has measured the carbon footprint of 500 products so far, revealing that packaging is a small percentage of the overall footprint. For milk and detergents, for instance, packaging accounts for between 0.9% and 8% of overall carbon emissions.

Through its dedication to understanding the issues around sustainability in packaging, combined with its commitment to meeting the needs of its customers, Tesco has proven that retailers play an important role in influencing the amount of packaging in the supply chain.

One example is its move into the bulk shipping of certain wines, which are then packaged in the UK. This reduces the

amount of heavy glass shipped across the world. Additionally, it has the lightest glass wine bottle in the UK, which requires less energy to manufacture. These bottles, which weigh a mere 300g, are then distributed by train across the UK, rather than by road. As a result, less energy is consumed across the supply chain, which also means carbon emissions are reduced.

The move is just part of Tesco's new initiatives to cut the carbon impact of products in its stores, which were revealed earlier this month as WRAP and the UK Government announced a new agreement on carbon emissions from packaging. As well as its new, lightest ever wine bottle, Tesco will also trial plastic bottles for its own-brand spirits.

By using plastic bottles for its own-brand brandy into, Tesco has reduced packaging for this product by 86% and saved 200,000kg of packaging material.

Through such innovative ideas, not to mention its leading role in many forums such as the Global Packaging Project and its participation in initiatives like the On-Pack Recycling Label, Tesco has shown that no matter what the circumstances in the wider economy, leading retailers can successfully balance its customers' needs with the long-term goal of improved sustainability. ■



Sonia Raja

Sonia Raja is head of packaging at Tesco Stores, Britain's largest grocery retailer. Her primary focus has been to deliver the company's Courtauld Commitment to reduce its packaging by 15% by 2010 on both own label and branded products and to develop a more comprehensive packaging policy incorporating a holistic approach to sustainability.

