

THE BUSINESS CASE FOR PACKAGING SUSTAINABILITY

Nestlé Australia

A consumer-driven approach to packaging



Australian Packaging Covenant

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Summary

Nestlé's approach to business is to maximise shareholder value while also creating value for employees, farmers, the environment, consumers and the communities in which it operates. They call this Creating Shared Value. This case study illustrates how packaging can deliver value to consumers while optimising environmental performance. It describes a packaging innovation for a new product, Maggi Stir Fry Creations, which was designed to make it easy to open for all consumers, particularly those with limited strength or flexibility in their hands. Quick response (QR) codes have also been added to the label to provide consumers with more information on nutrition and sustainability. The business benefits of these innovations have included strong sales and positive feedback from consumers.



Lessons from this case study

- Consumer research for Stir Fry Creations helped to justify the investment in new packaging equipment by showing that there was strong demand for the product.
- Consumers involved in the research had strong opinions on the environmental elements of the packaging. Some initial concepts were rejected due to consumer perceptions of over-packaging.
- Involving multiple stakeholders in the product development process helped to ensure that the packaging was acceptable to consumers while meeting technical and business requirements. Consumer feedback from focus groups and other research was used to challenge designers, technologists, machine operators and consumer representatives to find new and better solutions.
- Design for accessibility—one of the considerations in the sustainable packaging guidelines—can contribute to a product's commercial success. Ensuring that the packaging was easy to open and that instructions on the label were clear, removed any potential barriers for consumers.



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About the company

Nestlé was founded in Switzerland in 1866. It is now the world's largest food and beverage manufacturer with 461 factories in 83 countries. Nestlé Australia generated \$2.462 billion in sales in 2013 and employs around 5600 people throughout Oceania. There are 13 factories in Australia, New Zealand and the Pacific, manufacturing well-known brands including Allen's, Maggi, Kit Kat, Milo, Nescafe and Uncle Tobys.

Nestlé has a long history of commitment to the environment. Environmental sustainability is an important component of their general approach to business, which is focussed on 'Creating Shared Value'. This is a commitment to maximise and enhance shareholder value by also creating value for employees, suppliers, the environment, consumers and the communities in which they Nestlé operate.

This approach is reflected in Nestlé's packaging policies. Sustainability objectives for packaging include: preventing food waste; optimising packaging weight and volume; leading the development and use of materials from sustainably-managed renewable resources; support initiatives to recycle or recover energy from used packaging; and using recycled materials where appropriate and where there is an environmental benefit. Since becoming a signatory to the National Packaging Covenant (now APC) in 2000, Nestlé Australia has continued to embed packaging sustainability across the business.

Maggi Stir Fry Creations

In June 2013 Nestlé launched a new range of stir fry sauces called Maggi Stir Fry Creations. The product has two components: an 'infusion paste' used at the same time as browning the meat for a meal, and a 'finishing sauce' that adds extra flavours.

The idea

Nestlé spends a lot of time talking to consumers about what they eat, where they shop and how they cook. Consumers are becoming more interested in cooking at home and trying more innovative meals; inspired by the popularity of cooking television shows. Nestlé's research uncovered a preference for cooking more stir fry meals and a lack of satisfaction with existing products. A business opportunity was identified for Nestlé to provide consumers with an innovative solution that used two components. This would give consumers more of an authentic experience but without the need to source all of their ingredients 'from scratch.'

The approach to packaging design

The product development team initially approached packaging and machinery suppliers to find out whether there were any existing packaging solutions that would suit the application. Round table discussions were held with designers, packaging technologists, machinery suppliers, consumer specialists and other stakeholders to identify suitable and viable solutions. Considerations also included technical performance, quality, cost, manufacturability, consumer appeal and ease-of-opening.



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"The round table discussions created some wonderful tensions between designers, packaging technologists, machine operators, the application group who makes the product, and of course the consumer champion. We knew from our consumer research that there was a clear business opportunity, but we had to challenge people on what could be done instead of 'we haven't done that before'. Once you motivate people and show them that you are doing something that hasn't been done before, they get on the bandwagon."

Erin Anderson, Foods Brand Manager – Asian Solutions Nestlé Australia

The consumer research also provided strong feedback on the need to minimise packaging. Some options were rejected, because consumers considered some of the packaging designs to be excessive.

The final packaging solution was a first for Australia: a plastic sachet with two compartments that included one for the marinade and one for the finishing sauce.

"We did a lot of consumer research on this product, and it was the first time we had received strong push-back from consumers on over-packaging. Consumer attitudes are changing. They didn't like sachets within cartons within boxes; they were concerned about that from an environmental perspective. From a corporate point of view we're committed to minimising packaging, but it was reassuring to see it mirrored back from consumers."

Erin Anderson, Foods Brand Manager – Asian Solutions Nestlé Australia

Design for accessibility

Design for accessibility is one of the key fit-for-purpose considerations outlined in the sustainable packaging guidelines.

Nestlé has collaborated with Arthritis Australia to develop guidelines and evaluation tools for accessibility to assist in the product development process. The strategies used for Stir Fry Creations include:

- The use of a relatively large font for cooking instructions to ensure readability
- A perforation down the middle of the pack to allow consumers to easily separate the two sachets
- A notch and instruction at the top ('tear here') facilitates easy opening of each sachet.

From a business perspective accessibility was very important for this product because it was a completely new concept. Care was taken to ensure that there were no potential barriers to use, for example if it was hard to open.



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'Beyond the label': communicating sustainability

Consumers are becoming more interested in finding out about the social and environmental impacts of products. However, design and space limitations on most packaging means that there is very little scope to provide sustainability information beyond a simple recycling or disposal message.

Nestlé has made a global commitment to provide more information using QR (quick response) codes on its packaging. Consumers can scan the code with a smart phone to access web-based information including environmental performance, community initiatives, nutrition and use of the product. This means that if a consumer is interested in one particular aspect of the product, they are more likely to find what they need.

The QR label was [launched](#) across all Nestlé products in Australia in 2013, with Maggi being the first brand to carry the codes. The information included in the QR codes on the Stir fry Creation packs include:

- Society – responsible sourcing and community engagement initiatives
- Environment – the packaging life cycle and instructions for responsible disposal at end of life
- Nutrition - Advice on preparation, nutritional facts, serving size etc.

In determining what type of information to include, Nestlé follows the relevant Australian Standard (14021: *Environmental labels and declarations: self-declared environmental claims*) as well as its own internal environmental communication guidelines.

The QR code and instruction to consumers is shown in **Figure 1**.

Figure 1: The QR code and instructions on Stir Fry Creations



The code links to a website: [HTTP://SCN.BY/HF64RQSVADO35U](http://scn.by/hf64rqsvado35u)



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Challenges

The unique packaging required a substantial capital investment for new machinery. The business case to help secure the new equipment included compelling market research that showed that there was strong interest in the concept from consumers.

"We were getting such a positive response from consumers in different types of research. We had to step aside and let consumers speak for themselves through the research about how compelling they found the product. It was worth us installing new machinery and disrupting the production line to create this product."

Erin Anderson, Foods Brand Manager – Asian Solutions Nestlé Australia

Nestlé business benefits

The product has been positively received in the market, by both retailers and consumers. Traditionally the company sees a spike in customer complaints after the launch of a new packaging, but in this case there were none.

The packaging has also won a number of industry awards that have helped to reinforce the company's reputation for leadership and innovation. These include:

- The international [DuPont Packaging Award](#) (2014) for technological advancement and responsible packaging
- The Australian Packaging Council of Australia [packaging award](#) (2013) for accessibility
- Nestlé internal awards (Australia and global).

Selling the benefits of a project to stakeholders: keys to success

- **Use consumer research to support environmental strategies.** Nestlé received strong feedback from consumers that they didn't want packaging that they considered unnecessary or excessive.
- **Take your internal stakeholders on the journey with you.** Make sure that they understand what you're trying to do and can share the vision.

"It doesn't matter whether it's the line operator or the general manager; you have to take them with you. If you're excited about this you need to get them to understand why you're excited. Take them on the journey and make them feel the excitement you're feeling. Show them that your consumers are enthusiastic about the product, because that will equate to business success."

Erin Anderson, Foods Brand Manager – Asian Solutions Nestlé Australia

