

Marketing and cost benefits of a packaging redesign



The Business Case for Packaging Sustainability

Summary

Nutrimetrics has been supplying quality skin care, makeup and body care products since 1968. They receive direct and frequent feedback from their customers due to their 'direct selling' model. Customer feedback has highlighted that customers are interested in the environmental impacts of Nutrimetrics products as well as its packaging.

This case study describes the redesign of their plastic jars for skincare products, which is expected to deliver multiple business benefits. The major benefits are a reduction in packaging material, a reduction in the physical size of both the primary and secondary packaging, improved efficiencies in distribution (more jars per pallet space), and improved customer satisfaction. Material savings and design for recycling are helping to deliver on Nutrimetrics' commitment to the Australian Packaging Covenant.

Lessons from this case study

- **A more sustainable packaging solution does not need to add to costs.** In this case Nutrimetrics reduced total packaging costs per unit while delivering significant material savings and improved recyclability. The cost savings can be re-invested back into further R&D projects.
- **Market research into consumer perceptions of packaging waste and recyclability can help a business to identify solutions that benefit the consumer, the environment and the business.** The results of the market research can also be useful in reinforcing the business case for a new design. Drawing on customer survey data can help to overcome internal resistance because it shows how the project will deliver on customers' expectations.

Figure 1: The old packaging for the 60ml jar (left hand side) and the new packaging on the right



Figure 2: An overhead photo showing the reduced size of the jar and carton



The old jar was made from an acrylic plastic (polymethyl methacrylate or PMMA), with an inner polypropylene (PP) pot that was glued into place. It was not recyclable. The new jar is made from polyethylene terephthalate (PET), with a removable PP pot. Both components can be recycled. The inner pot has tabs to assist with removal.



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About the company

Nutrimetics is a direct selling organisation with a focus on skincare, makeup and body care products. The company's head office is located in Balmain NSW and it has a distribution centre in Melbourne. The company has 150 employees and around 55,000 consultants/distributors in Australia. Nutrimetics has its own manufacturing plant in New Zealand and also sources finished products from Europe, North America and Asia. Nutrimetics brands are sold in Australia, New Zealand, the United States, France, United Kingdom, the Netherlands, Brazil and Malaysia. In 2005 Nutrimetics joined the Tupperware Brands Corporation.

Nutrimetics has been a Covenant signatory since 2000. Their commitment to making packaging as sustainable as possible is consistent with the company's core values, which include sourcing natural ingredients where feasible and using non-animal alternative testing. Its APC action plan is coordinated through the technical division, which includes the new product development (NPD) team. Products are sold in a range of packaging formats including jars, tubes, bottles, barrels and cartons.

Approach to packaging redesign

Genesis of the project

Nutrimetics' APC Action Plan committed the company to a review of all existing packaging for compliance with the sustainable packaging guidelines, and plastic jars were the first category to be reviewed (completed 2012). This review identified opportunities to reduce the size and weight of some jars and to improve recyclability across the range.

These strategies were supported by three other developments:

- Market research highlighted customer concerns about over-packaging and their interest in learning more about recyclability. This was used to identify opportunities for packaging redesign and improved communication (**see Box 1**).
- The new product development (NPD) team in Australia assumed responsibility for the management of a 60ml product that had previously been managed from the US. The large size of this package compared to its contents was seen by the local team as excessive.
- An opportunity had been identified to reduce costs by using some common packaging across a range of products to accommodate Australian, New Zealand and US requirements in the same jar configuration, instead of having two different jars for the same or similar products.



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Box 1: Market research

In 2012 Nutrimetics surveyed customers on waste and recycling of Nutrimetics packaging. Some of the key findings were that:

13% did not recycle any Nutrimetics packaging

30% disposed of their primary packaging (e.g. jars and tubes) with general rubbish

9% disposed of their cartons with general rubbish

31% were dissatisfied with the existing recycling information provided by Nutrimetics

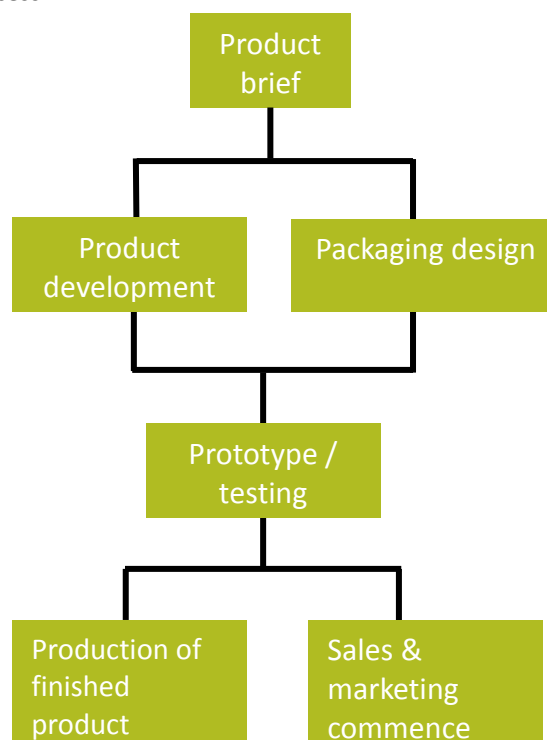
36% thought Nutrimetics products contained excessive packaging.

The approach

The design brief for the new packaging was prepared by the marketing group in 2012 and given to the R&D team. The brief included the requirement for a common jar design, less plastic, and designed for recycling. The concept of a two-part separable jar was suggested by a senior manager who had seen a similar product in Argentina.

As a medium sized company Nutrimetics relies heavily on packaging companies for their expertise in materials, design and production. Product and packaging are developed with suppliers concurrently (**Figure 3**). While the process shows that production and marketing occurs towards the end of the process, a successful product development process relies on the involvement of all business unit functions throughout the project's development cycle, particularly in developing the product brief.

Figure 3: The NPD process



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"We have a lot of interaction with suppliers. In the scheme of things we're only a small buyer of packaging, so we rely on some of our major suppliers for up-to-date information about new materials and other innovations and to test the feasibility of our ideas as well. They will take our concepts and work with us to develop a solution that meets both our requirements and which also works for them."

Edward Smith, Quality Assurance and Sourcing Manager

Design outcomes

Two new standard packs have been developed:

- The 60ml jar has been redesigned as a two piece jar and to reduce its size and weight. Nutrimetics chose to use PET instead of acrylic for the outer jar in order to assist in the recycling process. The inner pot, which is still the same material as previously used (polypropylene (PP)) can now be easily separated by the consumer to improve recyclability. This was previously not possible because it was glued to the outer jar and therefore could not be recycled due to mixed materials.
- The same design has been used for a 30ml jar, which replaces two previous SKUs (25ml and 30ml) of the same product for different countries that required different fill volumes. The new jar can accommodate both fill volumes if required, however for simplicity it will be mainly used as a 25ml jar for both local and export use.

The overall design is much simpler now. The outer and inner components of the jar no longer need to be glued together, and the cap has also been changed from a 2-part moulding (acrylic and PP- glued together) with an inner liner, to a single moulding (PP) with an inner liner.

The jars are labelled with the Mobius loop and the plastics identification code (#1) to encourage consumers to recycle. More detailed information on recyclability will be provided in product information sheets and on the company's website.

By early 2015 the new packaging is expected to be in use for a wider range of Nutrimetics' face creams.

A future opportunity being investigated is to provide customers with the option of buying a refill in the PP pot, i.e. without the outer jar, which could potentially be provided at a reduced price. The environmental benefits of this would be significant but its commercial feasibility still needs to be evaluated. The flexibility to make this change has been built into the design in case it proves to be viable in the future.



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Challenges

The marketing group were worried that some consumers might think the smaller pack contained less product. This was addressed by referring back to the market research, which supported the business case for more efficient packaging, and through a consumer focus group at the concept stage. The new design was positively reviewed by the focus group.

"If you can satisfy the consumer you've got a win, even if you get push-back internally. Our customers are very environmentally conscious. We get a lot of feedback from consultants about the amount of packaging, and whenever we reduce packaging they're happy."

If you hold the new jar and feel the weight of it you can feel the difference straight away. It's obvious that there is less packaging. We don't want to risk deceptive advertising and people want to feel good when they open the pack... they don't want to see a large jar with a small amount of packaging."

Edward Smith, Quality Assurance and Sourcing Manager

Business benefits

The packaging redesign has achieved significant environmental and business benefits (Table 1).

Table 1: Benefits of the new packaging

| | |
|------------------------|---|
| Environmental benefits | <p>The 30ml jar uses 46.5% less material than the old jar (98.7g to 52.2g for the total packaging).</p> <p>The 60ml jar uses 40.9% less material than the previous design (132g down to 78.3g).</p> <p>The old jars were not recyclable because of the acrylic component and because the two materials (acrylic and PP) could not be separated. Consumers can now separate the two components and put both into their kerbside recycling bin.</p> |
| Cost savings | <p>The packaging costs are reduced because all of the components are smaller and use less material (the outer and inner jar, the cap and the carton). The simpler design of the cap has reduced tooling costs. The savings can be used to minimise price increases and also can be re-invested into further R&D projects to help fund them.</p> <p>Combining two jar sizes into a common size also enables better amortisation of tooling costs and larger run sizes.</p> |
| Consumer satisfaction | <p>The new design addresses consumer concerns about excessive packaging and recyclability.</p> |



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

The benefits of a project must be promoted by collecting and communicating data that is relevant to the organisation's core business.

Data that can be used to propose new packaging can come in many forms. Nutrimetics found that data on customer preferences for environmentally improved packaging provided a powerful incentive to support the case for change within the business. This data was important to help initiate the redesign process. It was also valuable at the concept stage to address concerns about how the downsized packaging would be perceived in the market.

