

# The impact and opportunity of the plastic-free movement on Private Label

Whitepaper



**TRACEONE**  
EXEC CLUB

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## What is the “plastic-free” movement?

The plastic-free movement is the pressure by both the public and the media to significantly reduce the use of plastic globally. It's a hugely complex topic with arguments both for and against a plastic-free future. However, with 12 million tonnes<sup>1</sup> of plastic entering our oceans every year, it's understandable that consumers, businesses and producers have to think again about how and where plastic is necessary.

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1. Source: <https://www.greenpeace.org.uk/plastic-end-ocean/>

For many years, Trace One has recognized a growing trend for businesses to reduce plastic use and wastage. UK supermarkets began seeing the impact in 2015 when the law changed, requiring all large shops in England to charge 5p for all single-use carrier bags. This now seems commonplace for consumers. However, the war against plastic is ramping up further and is likely to result in significant changes to the way businesses use plastic in products, packaging and production.

Pressure has boomed in the UK following the final episode of David Attenborough's Blue Planet Two which aired in December 2017. The images of albatross parents unwittingly feeding their chicks plastic and a hawksbill turtle caught up in a plastic sack captivated an audience of millions, sparking numerous campaigns to reduce plastic waste. Since then, ripples of the plastic-free movement are being felt across the globe and will have a huge impact on Private Label companies.

Trace One has developed this whitepaper about the movement to help Private Labels understand the complexity of the issue. After reading this, Private Labels should have a better understanding of what is happening now globally and how the plastic-free movement will both positively and negatively impact the industry. Armed with this white paper, businesses should be better able to make decisions about their own plastic strategy and also manage the increasing pressure.





## What impact is it having already?

Trace One believes that 2018 may be remembered as the year the world went to war with plastic. On social media there are videos of consumers boycotting supermarkets, ripping plastic packaging from products and shelves in protest. In Europe, the response to plastic-free has been substantial with some supermarkets reacting quicker than others. Dutch supermarket chain Ekoplaza has already created Europe's first plastic-free supermarket aisle and gained global attention for it. The company says it will roll out similar aisles in all of its 74 branches by the end of 2018. In the UK, discount supermarket chain Iceland is the first major retailer to commit to eliminating plastic packaging. The company plans to eliminate plastic from all of its store-branded products within five years, the first Private Label to do so.

In January 2018, the European Union announced plans for the first ever EU-wide strategy to combat plastic waste<sup>2</sup>. This includes measures to make all plastic packaging in Europe recyclable or reusable by 2030 and phase out single-use plastic completely. UK Prime Minister Theresa May has also endorsed the Plastic-Free Aisle campaign in a national address that called for the elimination of avoidable plastic waste in the UK within 25 years<sup>3</sup>. The proposed policies include plastic-free aisles in supermarkets and a tax on takeaway containers.

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2. Source: <https://www.telegraph.co.uk/news/2018/01/16/brussels-launches-first-eu-wide-strategy-fight-plastic-waste/>  
3. Source: <https://www.theguardian.com/environment/2018/jan/10/theresa-may-proposes-plastic-free-supermarket-aisles-in-green-strategy>

Europe seems to be the epicenter of the plastic-free movement, but the issue is gaining support in large American cities such as San Francisco and New York State. In April 2018, Governor Cuomo introduced a program bill banning all single-use, plastic carryout bags at any point of sale in New York State<sup>4</sup>. This is a direct result of the New York State Plastic Bag Task Force launched in March 2017. The task force conducted a study and made recommendations regarding the use and disposal of plastic bags, and how best to deter their environmental impact. The bill would go into effect in January 2019.

Canada is also clamping down on plastic bags. In January 2018, Montreal put a ban in place to encourage the adoption of reusable bags<sup>5</sup>. Montreal merchants who give customers thin plastic bags will be fined up to \$1,000 for a first offence and \$2,000 for subsequent offences. For corporations, the fines can be as high as \$4,000. Victoria has announced its intention to ban plastic bags in July 2018.

Kelly Thompson Kell, North American Market Strategy Director at Trace One comments, "American businesses and state governments are watching with interest as the buzz around plastic-free gains momentum in Europe. There is a trend in reducing the amount of total packaging used rather than going completely plastic-free in America at the moment, which is having its own positive impact on waste management and sustainability."

Some large American global organizations are beginning to tackle the plastic-free debate, testing packaging innovations on European markets. For example, Procter & Gamble (P&G) is due to produce a new Fairy Liquid 'Ocean Plastic' Bottle in the UK. This will be made from 10% ocean plastic, collected from the ocean and beaches around the world, and 90% post-consumer recycled plastic<sup>6</sup>. In 2017, they also announced a limited edition run of the Head & Shoulders bottle in France, made from recycled beach plastic.

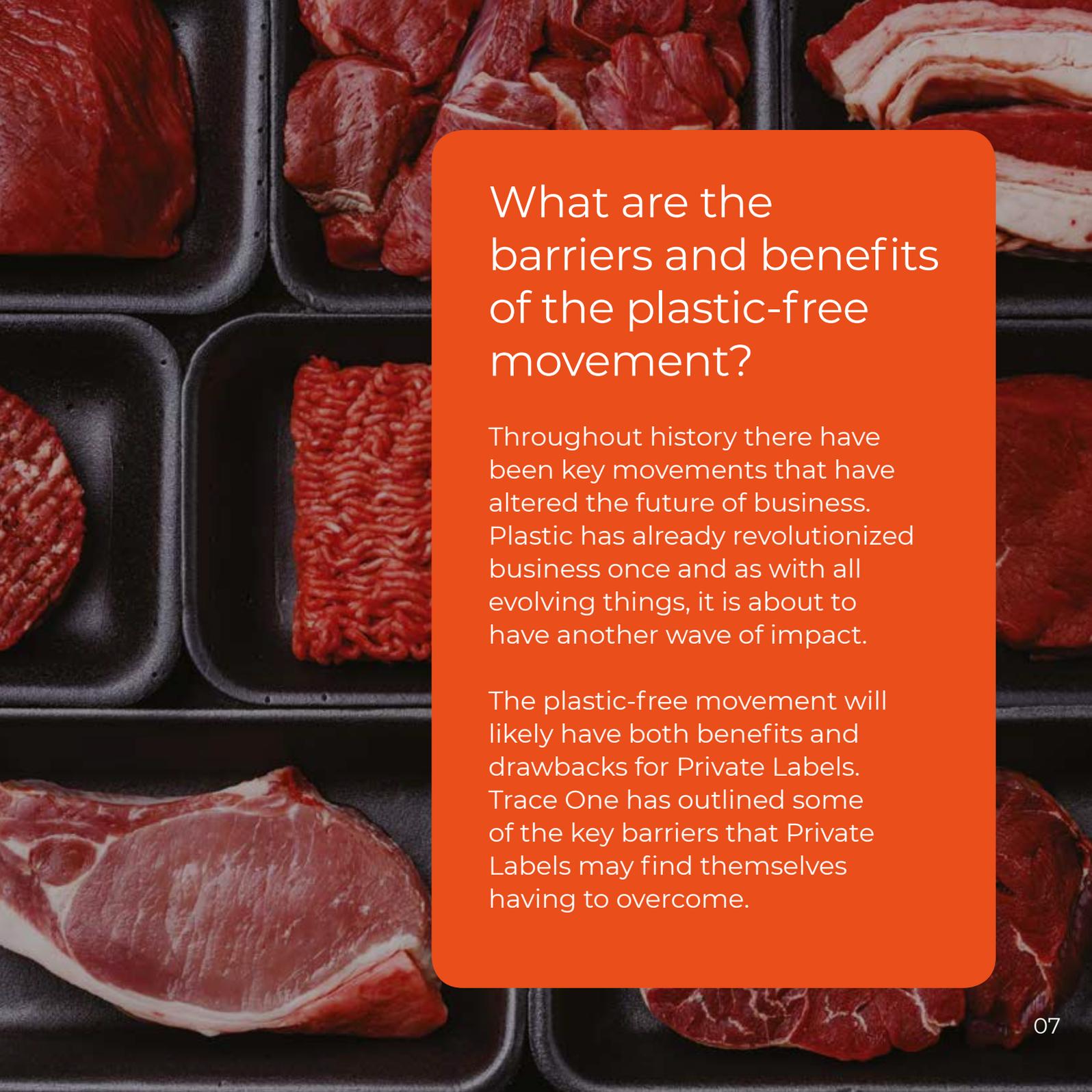
"Large consumer products organizations tend to develop specific products for different markets. The ocean plastic packaging innovations demonstrated by P&G addresses a current European need. But we know that consumers care about sustainability in America; and if ocean packaging proves successful in Europe, we will hopefully see the packaging replicated for the American market," Thompson adds.

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4. Source: <https://www.governor.ny.gov/news/governor-cuomo-introduces-program-bill-banning-single-use-plastic-bags-new-york-state>

5. Source: <http://www.canadiangrocer.com/top-stories/headlines/plastic-bag-ban-kicks-off-in-montreal-81277>

6. Source: <http://www.pgnewsroom.co.uk/press-release/uk-news-releases/procter-gamble-launches-new-fairy-ocean-plastic-bottle-made-100-recyc>



## What are the barriers and benefits of the plastic-free movement?

Throughout history there have been key movements that have altered the future of business. Plastic has already revolutionized business once and as with all evolving things, it is about to have another wave of impact.

The plastic-free movement will likely have both benefits and drawbacks for Private Labels. Trace One has outlined some of the key barriers that Private Labels may find themselves having to overcome.

# Cost implications

The research and development costs associated with a change of packaging are always considerable, however, the search for a new viable alternative for plastic carries significantly more cost. Low oil prices make it difficult for alternatives to be as cost effective, especially on a larger scale. However, with more companies developing sustainable alternatives, production capabilities are rising and processes are becoming more efficient, driving down prices. Eventually it will become just as cost effective to use technology such as bioplastics and edible plastics, but this is still some years away.

In the meantime, Private Labels may have to consider returning to materials of old, such as cardboard, paper, glass and aluminum. While certainly fitting the plastic-free requirement, these materials do not have the same flexible and lightweight properties as conventional plastic, potentially raising costs in other areas such as transportation.

Whichever route Private Labels choose, the barrier here is cost implication versus consumer expectation. Customers may want a plastic-free world but they don't

ultimately want to pay for it themselves. In order to meet this need, there will be a fine balancing act for businesses as they try to satisfy consumer demand whilst also maintaining profit margins.

**“Supermarkets are in the business of making money. We’re seeing industry change being brought about by millennials and generation-z who believe that if they want to see change in the world they need to ‘vote with their dollar’ in the products and services they choose. As the popularity and consumption of plastic-free items grows, the adoption within the industry will too”**

Thompson comments.

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