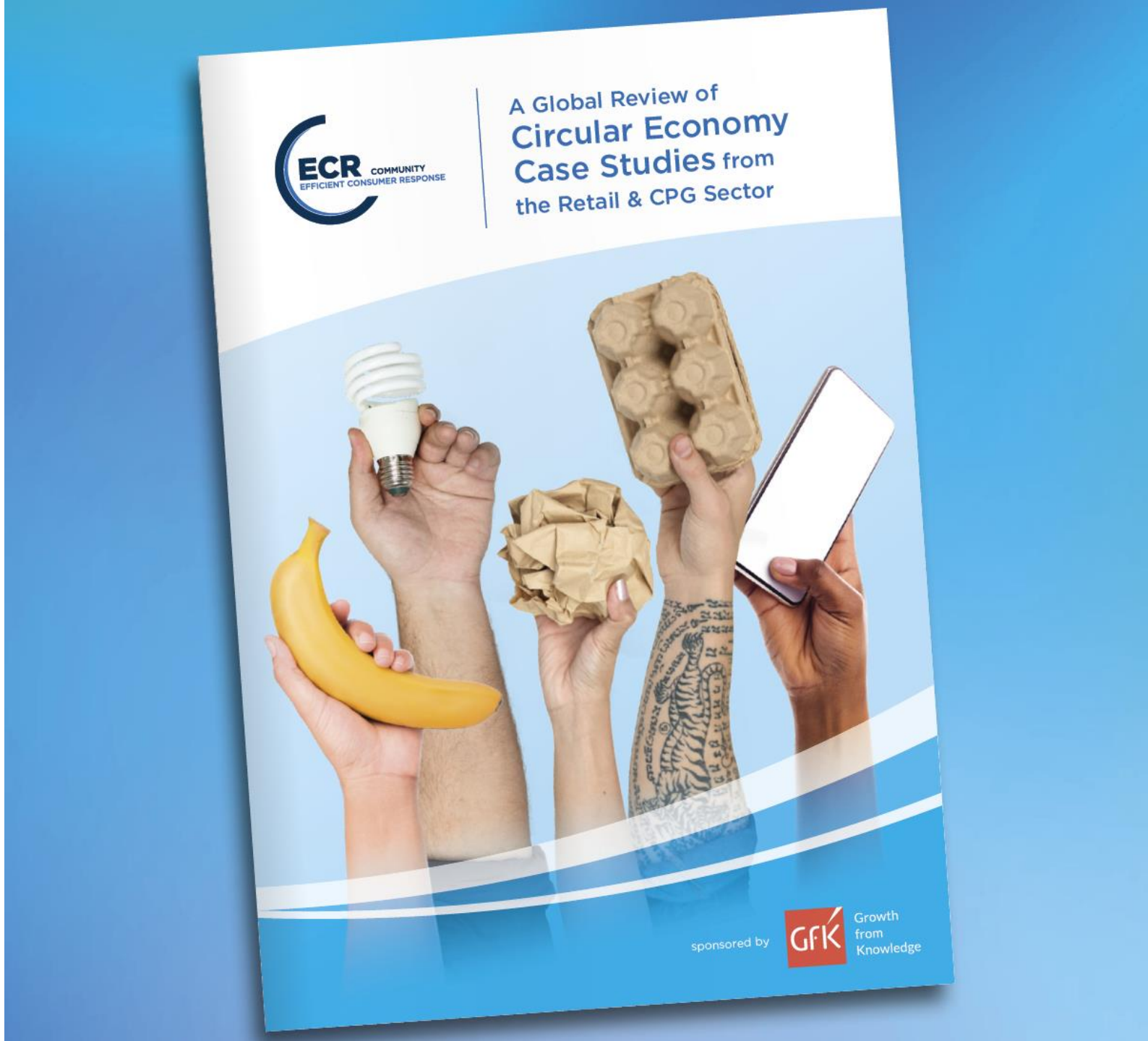
# REVIEW OF GLOBAL CIRCULAR ECONOMY CASE STUDIES IN RETAIL & CPG SECTOR

Launch Webinar, February 2022

Growth from Knowledge



# WHAT IS ECR COMMUNITY?

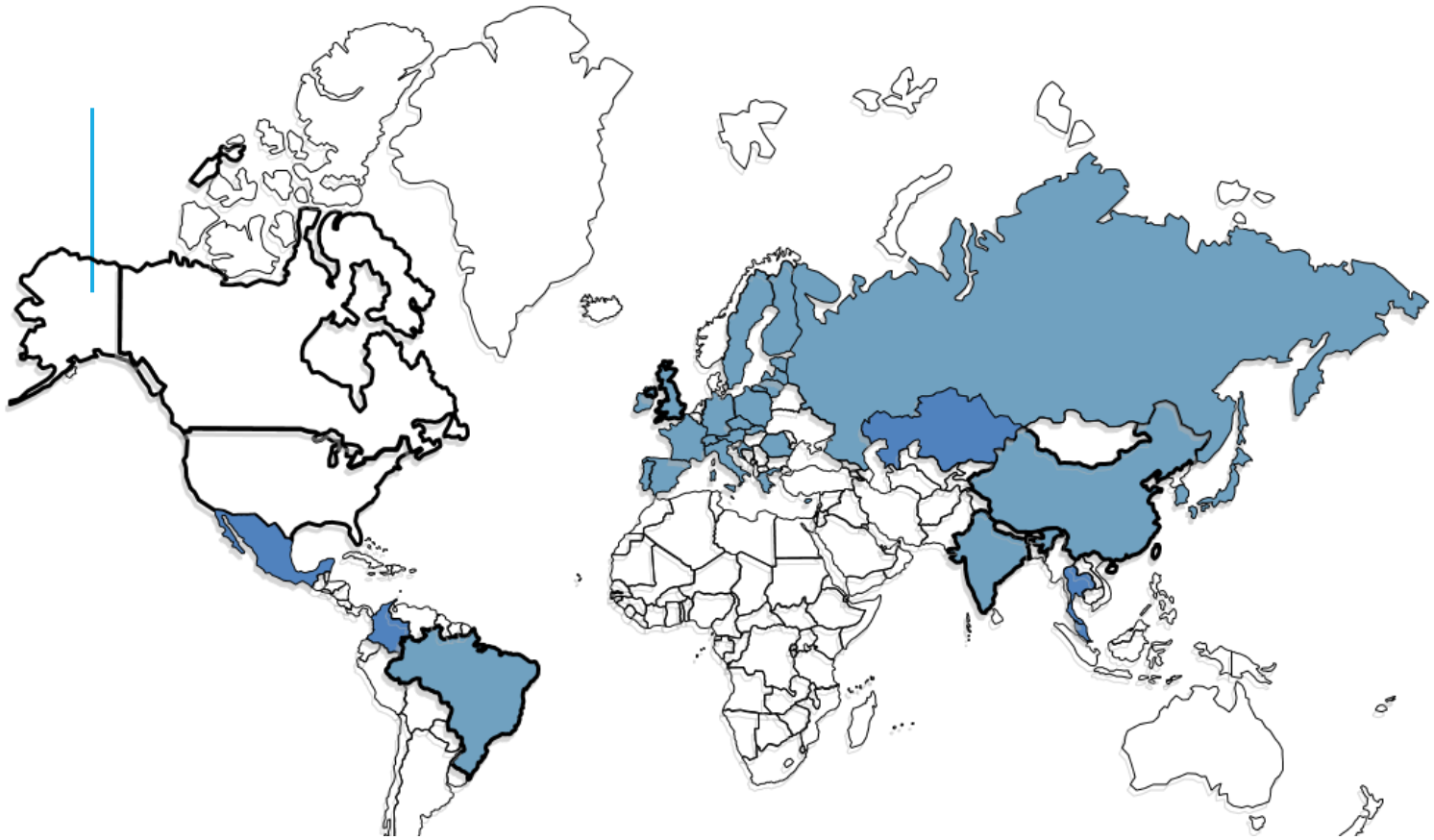
ECR Community is the global association for all ECR organisations in the Retail & Consumer Product Group sector.

These include:-

1. ECR Nationals
2. ECR Expert Groups
3. Industry Representative Associations & Service Providers

# ECR COMMUNITY OBJECTIVES

1. Act as a forum to share knowledge and successful initiatives from ECR Nationals throughout the global ECR Community.
2. Agree on ECR Community Focus Areas and generate relevant output for each.
3. Provide a support network for ECR Nationals.
4. Promote the output of ECR Nationals & Expert Groups.
5. Promote ECR as a “Collaboration Model”.
6. Broaden ECR Community membership & participation.
7. Identify global retail trends and discuss how to represent these locally through collaboration & sharing knowledge.



# ECR IS GROWING GLOBALLY

**ECR NATIONALS**
ECR RUSSIA
ECR IRELAND
ECR POLSKA
ECR AUSTRIA
ECR FRANCE
ECR CZECH & SLOVAKIA
ECR ITALY
GS1 SWITZERLAND
ECR UK
ECR SPAIN
ECR GREECE
ECR CYPRUS
ECR CROATIA
ECR FINLAND
ECR KAZAKHSTAN
ECR MEXICO
ECR COLOMBIA
ECR BRAZIL
ECR GERMANY
ECR GUATEMALA
ECR CHINA

**PARTNERS**
ECR RETAIL LOSS GROUP
AIM
EUROCOMMERCE

# LAUNCH WEBINAR AGENDA

***Set the Context for this Circular Economy Review of Global Practices in the Retail & CPG Sector***

Overview of Publication, Ché McGann, ECR Community

The Consumer Imperative, Lenneke Schils, GfK

Panel Discussion – why & how companies should be implementing circular practices within their business

- Lenneke Schils, GfK
- Fernando Ventura, Jerónimo Martins
- Yana Kreybel, The Cameleon Group

Q&A (submit your questions in the chat!)

ECR COMMUNITY EFFICIENT CONSUMER RESPONSE

GfK Growth from Knowledge

Jerónimo Martins

cameleon group

# OBJECTIVES OF THE REVIEW

- To provide a snapshot of global Circular Economy case studies in the Retail & CPG sector to better **understand where retailers & manufacturers are on this journey**.
- To provide **real examples of circular projects** to ECR members (sustainability, strategy & innovation professionals) trying to implement circular solutions in their companies
- To show the **importance of collaboration** with partners i.e. retailers, manufacturers, technology providers.
- Demonstrate how the **ECR model** of promoting collaboration & new ways of working can be used for the circular economy

# STEERING COMMITTEE MEMBERS

Ché McGann
Sustainability Lead
ECR Community

Emilie Chalvignac
Director of Operations
Institut du Commerce
France

Teresa Mischek-Moritz
General Manager
ECR Austria

Silvia Scalia
ECR & Training Director
ECR Italy / GS1 Italy

Carolina Gomez
ECR Project Manager
ECR Italy / GS1 Italy

Declan Carolan
General Manager ECR Ireland
Co-Chair ECR Community

Lenneke Schils
Global Insights Director
GfK

Manfred Tacker
Managing Partner
Circular Analytics, Austria

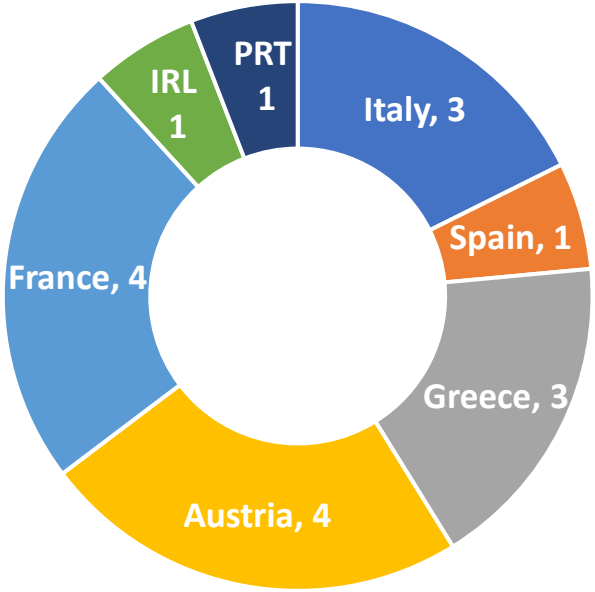
Nerida Kelton
Vice President – Sustainability
& Save Food
World Packaging Organisation

Charles Allart
Operations Lead
Petrel Commerce Circulaire,
France

Christopher Hill
Operations & Development
Director
Food Cloud, Ireland

Daniel Fernando Prato Sanchez
Scientific Coordinator
LOGYCA
Colombia

# COMPANIES INCLUDED IN REVIEW




Jerónimo Martins

PANDOBAC

ALPLA

coop

Henkel

pingo doce
sabe bem pagar tão pouco

Βασιλόπουλος
...και του πουλιού το γάλα!

GS1 Austria

Nestlé

BIRRA PERONI 1846

UZAJE

essity

INDITEX

FoodCloud

cameleon group

ΣΚΛΑΒΕΝΙΤΗΣ

CYCLE

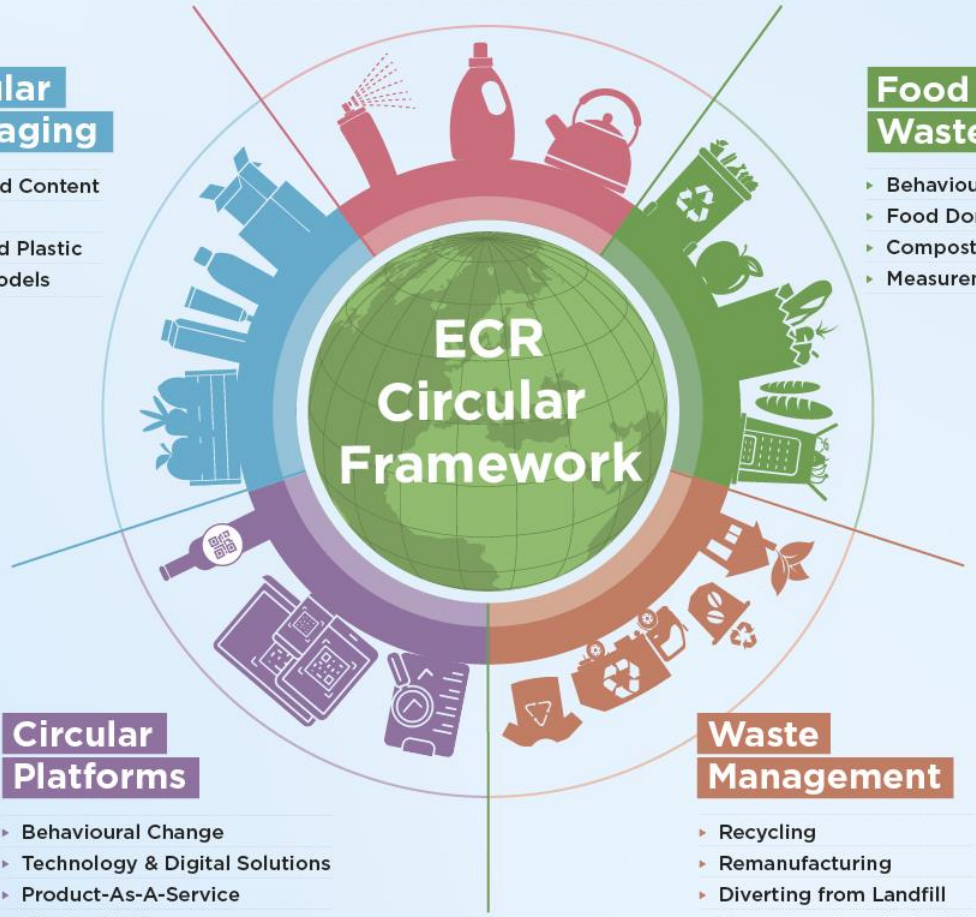
ECR COMMUNITY
EFFICIENT CONSUMER RESPONSE

## Circular Product Design

- Restricts Single-Use Plastic
- Reduces Environmental Impact of Manufacturing
- Remanufacturing

## Circular Packaging

- Recycled Content
- Reuse
- Reduced Plastic
- Refill Models




## Food Waste

- Behavioural Change
- Food Donation
- Composting
- Measurement

## Circular Platforms

- Behavioural Change
- Technology & Digital Solutions
- Product-As-A-Service
- Sharing Platforms

## Waste Management

- Recycling
- Remanufacturing
- Diverting from Landfill
- Secondary Raw Materials
- Process Innovation
- Sorting Technologies
- Social Partnerships
- Behavioural Change

#ECRCircularEconomy

# FRAMEWORK DESIGN

1. **Review of Existing Global Circular Frameworks**

   Ellen MacArthur Foundation

   The Circle Economy

   WEF Platform for Accelerating the Circular Economy (PACE)

   10R Framework (Reduce, Reuse, Recycle etc.)

2. **Analysis of Key Topics for Sector**

   For the retail & CPG sector it was clear that packaging, food waste and waste management were currently key areas of focus.

3. **Inclusive for all ECR members**

   There was a commitment that the framework had to be suitable for all members – regardless of company size and location.

# SELECTION METHODOLOGY

## STAGE 1

Project needs to demonstrate both

1. **Sustainable Resource Management**
   *Support the transition towards circularity by managing resources more efficiently (energy, water, materials etc.) and reducing waste?*
2. **Behavioural Change**
   *Raise awareness of circular economy within the eco-system it is being completed, mainly consumers and employees.*

## STAGE 2

Project needs to demonstrate at least one

1. **Collaboration**
   *Demonstrate the creation of mutual value through internal/external and formal/informal partnerships from across the value chain*
2. **Eco-innovation**
   *Support the creation of more circular business models to keep resources in the system through circular concepts, new technologies, circular business models, and game changers.*
3. **System thinking**
   *Shows an understanding of how this project fits into the wider system i.e. circular business models.*

## STAGE 3

Ensure the Review has a balance between retailers, manufacturers, countries, circular economy topics

Based on the EU Circular Economy Indicators (Sustainable Resource Management, Societal Behaviour, Business Operations) & 6 principles of the BS8001:2017 Circular Economy standard

# FORMAT OF THIS REVIEW

100+ pages featuring 18 case studies from around the world on topics including circular packaging, product, waste management, food waste and circular economy platforms.

1. **Insights**

   Articles from circular economy experts the latest trends emerging, new ways of collaborating, new processes and formats to help retailers & CPG companies to transition to a circular economy.

2. **Action**

   Current circular economy projects from retailers & CPG companies presented in a consistent format.

# CASE STUDY STRUCTURE

pingo doce | PORTUGAL

Recycling of Coffee Pods

Summary:

**More than 300 Pingo Doce stores have bins where customers can drop their used coffee pods, which are then sent for recycling. This network was established when Pingo Doce launched its Private Brand coffee pods. Although it aimed to reduce the environmental impacts of Pingo Doce Private Brand pods, the recycling bins were designed to collect pods of all existing brands on the market. By collecting waste not considered packaging and, therefore, not covered by the current municipal collection and recycling schemes, the project contributes to the circularity of materials, adding value to society.**

## THE CHALLENGE

According to the European Commission, each inhabitant generated 174 kg of packaging waste in 2018.

To counteract this trend, and within the scope of the European Ecological Pact, the Circular Economy Action Plan aims to make all packaging placed on the European Union market reusable or recyclable by 2030.

This objective is in line with the European Commission's definition of circular economy, according to which products must remain in the economy for as long as possible, use of natural resources and production of waste must be reduced to a minimum, and products must be reused to continue to generate value even at the end of their useful life.

In Portugal, expresso coffee is a very appreciated drink, and coffee pod-run expresso machines for the domestic consumer are popular household items. This created pressure in municipal waste streams as only a few players placing these machines in the market had take-back systems for used coffee pods, and when they did it was exclusive to their brands, which put the circular economy principles at risk.

pingo doce | Recycling of Coffee Pods

## THE SOLUTION

Pingo Doce was the first food retail chain in Portugal to establish a network to collect used coffee pods with no distinction between manufacturers. In eight years, the banner has collected more than 50 million coffee pods.

The coffee grounds are sent for composting to produce eco-friendly fertiliser, and the plastic and aluminium are forwarded for recycling and other recovery operations. Finally, the revenues obtained from the valorisation are given to charities.

Several constraints had to be overcome, including the selection of waste operators. In addition to a waste management licence, they would have to accept the fertiliser lees. As this type of waste requires handling to be correctly discarded, the operators would have to meet the logistical conditions necessary for efficient collection at a national level, ensuring transport, storage and treatment of the coffee grounds.

To ensure a suitable bin for customers to put their used coffee capsules, a container adapted to the stores was designed. Procedures were developed so that, whenever necessary, store employees could ask the operator to collect the container, avoiding the accumulation of waste.

The digital marketing teams were also involved, publishing periodic posts on social media about the project. The store operational teams received appropriate and regular training to manage waste and clarify the customer whenever necessary.

The Pingo Doce website was adapted to make it possible to search by type of recycling container and its location, indicating which stores have equipment for collecting used coffee capsules, regardless of the brand.

**Main Driver for project:**

The main driver of the project was to conceive and develop a system that collects used coffee pods of any brand in Pingo Doce stores, allowing the waste to be sent for recovery and recycling. Pingo Doce's Environment Department led the project and conceived the whole system.

**Why is this project circular?**

This project allows for the collection of used coffee pods, regardless of their manufacturer. The pods are collected and sent to a waste recovery facility that ensures that coffee grounds are sent to composting and then incorporated into fertilisers. The materials used in the pods are sorted and sent to recycling facilities.
In the end, the project ensures the circularity of both organic and inorganic materials resulting from a comforting expresso.

**Collaboration Effort:**

Collaboration with waste management company.

**Circular Economy Measurement (KPIs):**

1. Tonnes of coffee pods collected.
2. Tonnes of coffee grounds sent for composting.
3. Money collected for social causes.

**Economic Viability:**

The project is not evaluated in this perspective as the total proceedings generated are donated to charities.

**Project Timeline**

- Start: July 2013
- Finish: Ongoing

pingo doce | Recycling of Coffee Pods

## LESSONS LEARNED

**Main Barriers to Implementation:**

The main barrier was ensuring the operational efficiency in terms of the required store space, employee's time needed for the correct running of the project and the logistics of collecting the pods from the stores.

**Reaction to the Project:**

**Consumers:**

The project is consumer-oriented, and its positive KPIs are related to the consumer's engagement and active participation in the project which has translated in the collection of over 50 million used coffee pods.

**Employees:**

Employees recognize the importance of this project in terms of customer satisfaction and contribution to recycling. However, they also consider that this project presents challenges which can be overcome by improving practices of waste disposal by consumers and increase operational efficiency by, for example, implementing in all stores regular scheduled pick-ups of the coffee pods instead of the current by-demand pick-up in some stores.

**What advice would you offer to your peers starting a similar circular economy project?**

It is important to create a multidisciplinary team to ensure all the steps needed to achieve success. Namely, the development of specific equipment for disposal by customers and handling by operational teams in stores and waste operators (to minimize odours/leakage and guarantee the quality of the waste), selection of the right partners with high logistic/infrastructure/operational capacity and guaranteed forwarding for recycling, training of the operational teams (relevance of the project and procedures to be followed to optimize it), disclosure of KPI's internally and externally to communicate the results achieved, and dissemination of the project (consumer awareness campaigns and others).

**What are you most proud of about this project?**

It has been a pioneering project in Portugal and a successful example of a circular economy with a social nature (revenues are entirely given to charities) with national coverage (mainland Portugal) and allows to collect pods of all existing brands on the market.

## WHAT NEXT?

Pingo Doce is evaluating the possibility of expanding the collection of used coffee pods to more stores, including the development of a bin adapted for smaller stores. On the other hand, the marketing department will promote the communication of the project in stores. In terms of operational efficiency, the integration of the collection of used coffee pods into other collection circuits has been approved, guaranteeing a more efficient collection circuit and contributing towards the reduction of emissions at the collection logistics level.

The solution has the potential to be scaled to other markets.

pingo doce | Recycling of Coffee Pods

## CIRCULAR ECONOMY IN OUR BUSINESS

Reducing packaging materials and using sustainable materials, and incorporating circular economy principles are among the top-10 materiality issues defined for Jerónimo Martins. The "Respecting the Environment" Corporate Responsibility pillar of action includes both topics.

Jerónimo Martins' Sustainable Sourcing Policy also states that "it is important to activate and support the Group's environmental policy, namely through consistent encouragement for the adoption of good environmental practices by its suppliers". The Supplier Code of Conduct also defines that "Jerónimo Martins Group suppliers and other business partners are committed to making every effort to reduce, eliminate or prevent the production of emissions and waste".

The Group has publicly committed to several time-bound targets under its strategy to promote the circular economy.

It includes reducing food waste and the amount of virgin plastic used, increasing the incorporation of recycled plastic, packaging recyclability and/or reusability, promoting sustainability certification of paper-based packaging, and ensuring a minimum waste recovery rate.

To promote cooperation among the transition to a more circular economy, the Group joined the Portuguese Plastics Pact, the Polish Plastics Pact and The Consumer Goods Forum's Plastic Waste Coalition of Action. The Group is also a signatory of the New Plastics Economy Global Commitment.

**Percentage of our business that is circular:**

This project applies to around 70% of the Pingo Doce's store network, the Group's supermarket banner in Portugal.

> It has been a pioneering project in Portugal and a successful example of a circular economy with a social nature...

## COMPANY BACKGROUND

**Country:** Portugal

**Our Business:**

Jerónimo Martins operates in the Food Distribution and Specialised Retail sectors in Europe & South America. Food distribution is the core business and represents over 95% of total sales. The Group is committed to developing high-quality food products and convenient meal solutions at competitive prices. Pingo Doce is the Group's supermarket banner in Portugal.

**Our People:**

100,000+ employees.

**Submission by:**

Fernando Ventura, Head of Efficiency and Innovation Environmental Projects

> "This was an important challenge for Gintegral, enhancing the capacity for innovation in solutions, with a view to environmental sustainability and focused on consumer satisfaction, which includes this project and the creation of a new innovative packaging format for organic correction that incorporates coffee grounds in a 1.5 kg bag to be sold, among other places, in Jerónimo Martins stores. This kind of project promotes the circular economy, in which the consumer becomes aware that recycling their used coffee pods generates new products that can be acquired for other purposes."
>
> *Patrícia C. Gonçalves, Administrator Gintegral, SA. External partner in this project*



#ECRCircularEconomy

# NEXT STEPS – WEBINAR SERIES

Webinar 1
Tuesday, March 23rd

Webinar 2
Tuesday, May 24th

Webinar 3
Tuesday, September 27th

Watch out for registration details on ECR Community website & LinkedIn

#ECRCircularEconomy

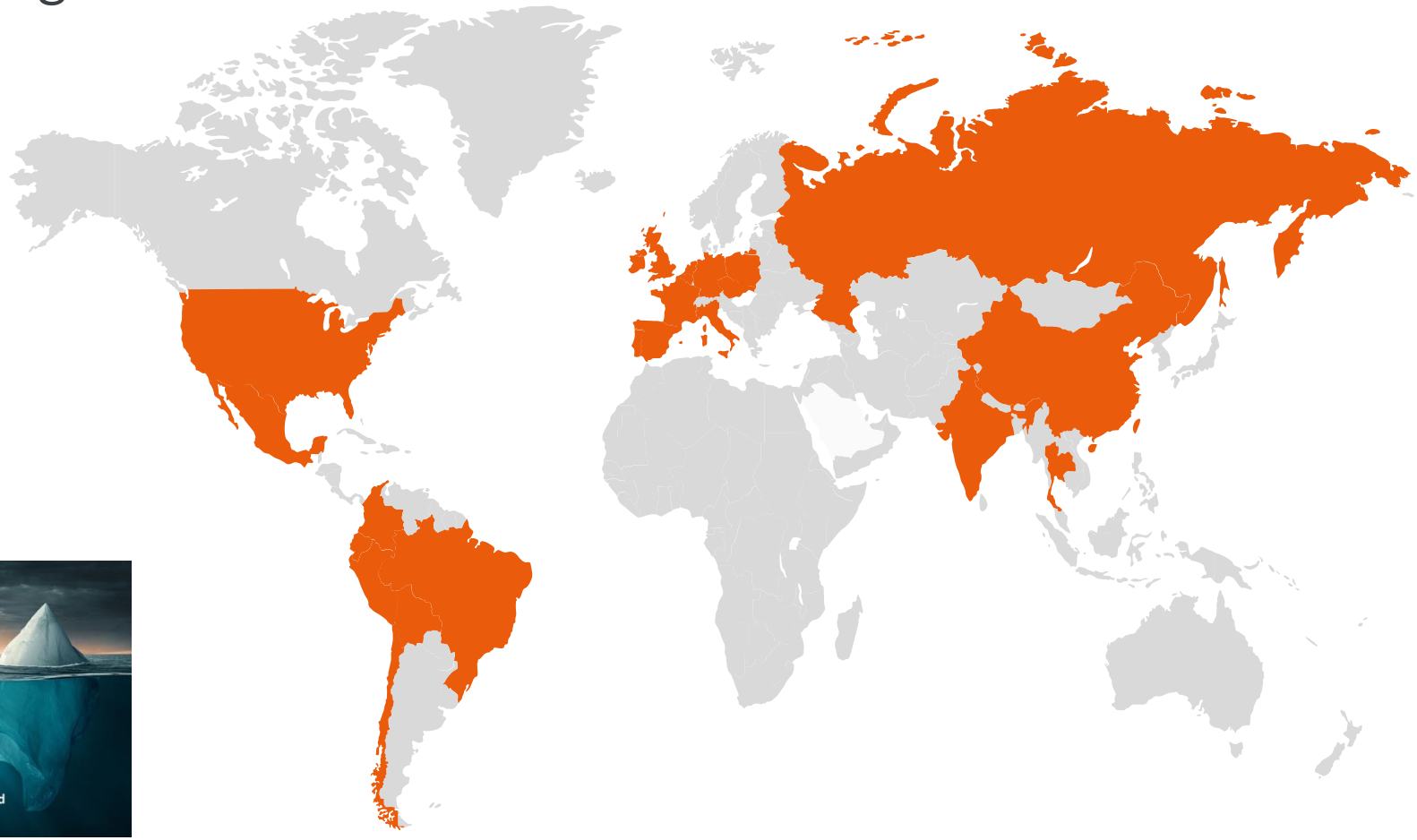
# #WHO CARES? 20
# #WHO DOES? 21

## How sustainable behaviours in FMCG are becoming mainstream

Lenneke Schils
Lenneke.Schils@gfk.com
Global Insights Director
01-02-22

# WCWD 2021

## Global sustainability report
## Attitudes + real purchasing



GfK

KANTAR

europanel

WHO CARES? 20
WHO DOES? 21

26 markets
>85,000 respondents
3rd edition

https://www.gfk.com/products/gfk-sustainability-concern-and-action

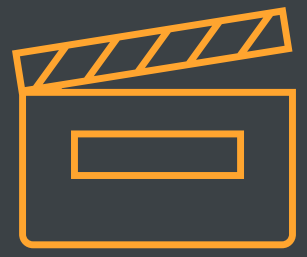

© GfK

# First let´s talk about…

Eco-action accelerating

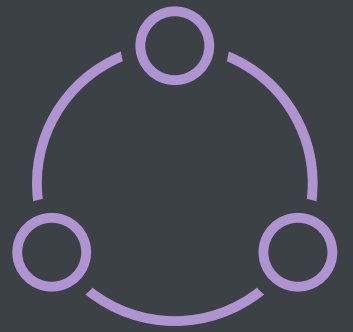
Packaging at the forefront

Closing the value action gap



(Who's) taking the lead

Tripling the benefit

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# Eco-acceleration

The sentiment shift around sustainability towards circular business models has not just been in the number of consumers interested in sustainable practices, but also in the nature of change they want to see

© GfK

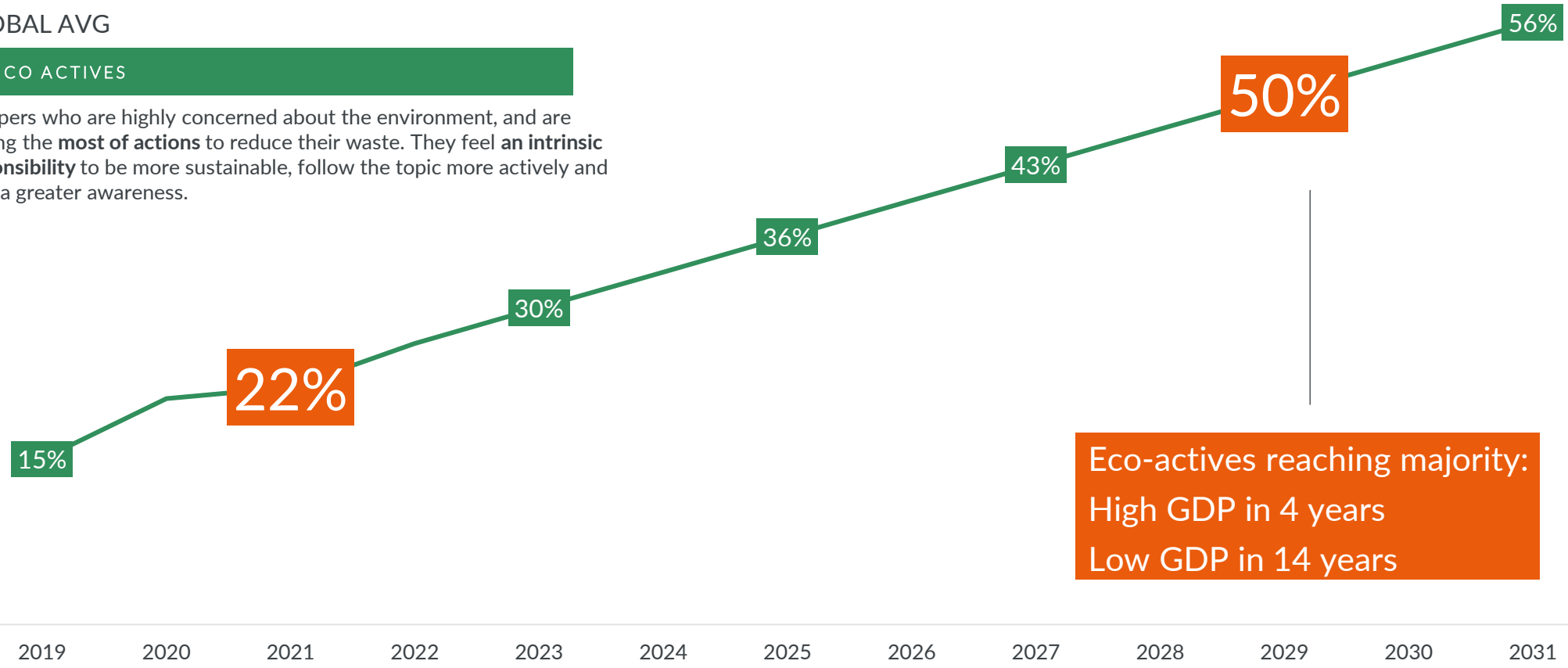
# Eco-actives over half the population before 2030

ECO-ACTIVES Household Population share - Projection based on 2019-2021 trend

GLOBAL AVG

**ECO ACTIVES**

Shoppers who are highly concerned about the environment, and are making the **most of actions** to reduce their waste. They feel **an intrinsic responsibility** to be more sustainable, follow the topic more actively and have a greater awareness.



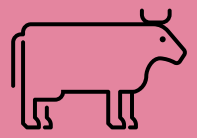
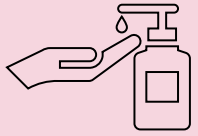


© GfK

# …Many categories at risk

## if they fail to recruit eco-actives

Predicted annual category loss in 2031
FMCG categories at risk from under-index with Eco-Actives in 2021

| | | | |
|---|---|---|---|
| Carbonated Soft Drinks **- €703M** | Frozen Foods **- €595M** | Fresh Meat  **- €571M** | Chilled Ready Meals **- €307M** |
| Mineral Water **- €199M** | Moist Wipes **- €32M** | Bleach **- €15M** | Liquid Hand Soap  **- €15M** |

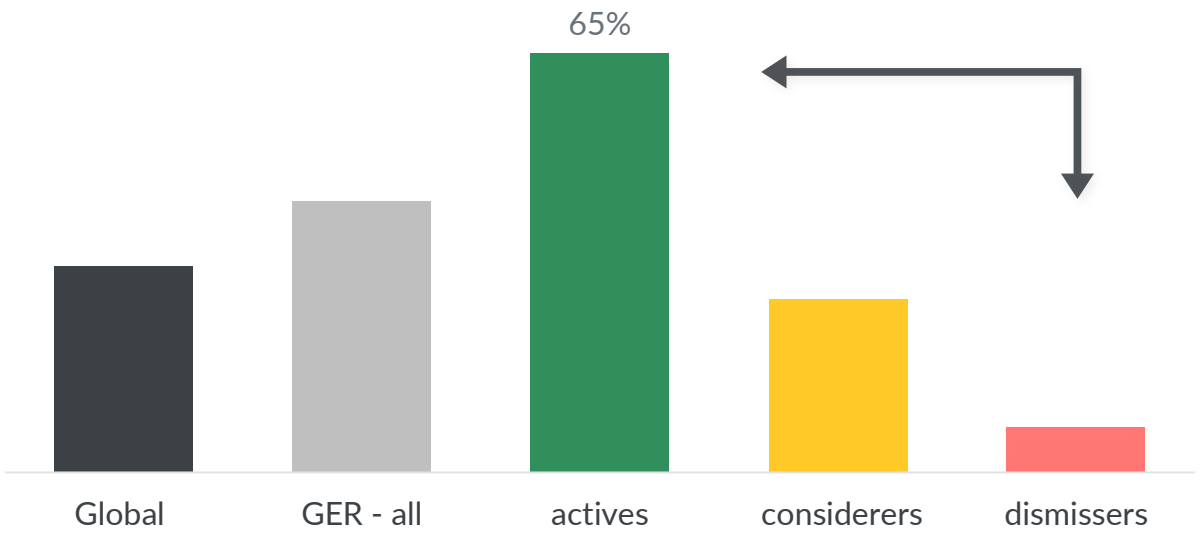
- Source: Kantar, Europanel, GfK - Who Cares, Who Does 2021? (Belgium, GB, Germany, Spain)

© GfK

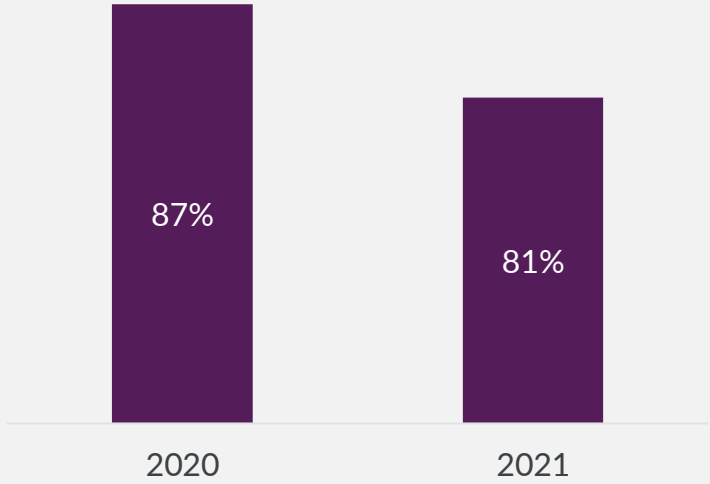
# Clear category impact when shoppers follow through

The expansion of eco-activism shows in the decreased value share of plastic bottles sold.

GERMANY
Avoid buying plastic drinks bottles?
% frequently/always




GERMANY
Carbonated Soft Drinks Format preference
Value share plastic, MAT Q2 2020-2021




Source: Europanel, Kantar, GfK #WhoCares?WhoDoes? 2021



© GfK

# Packaging at the forefront

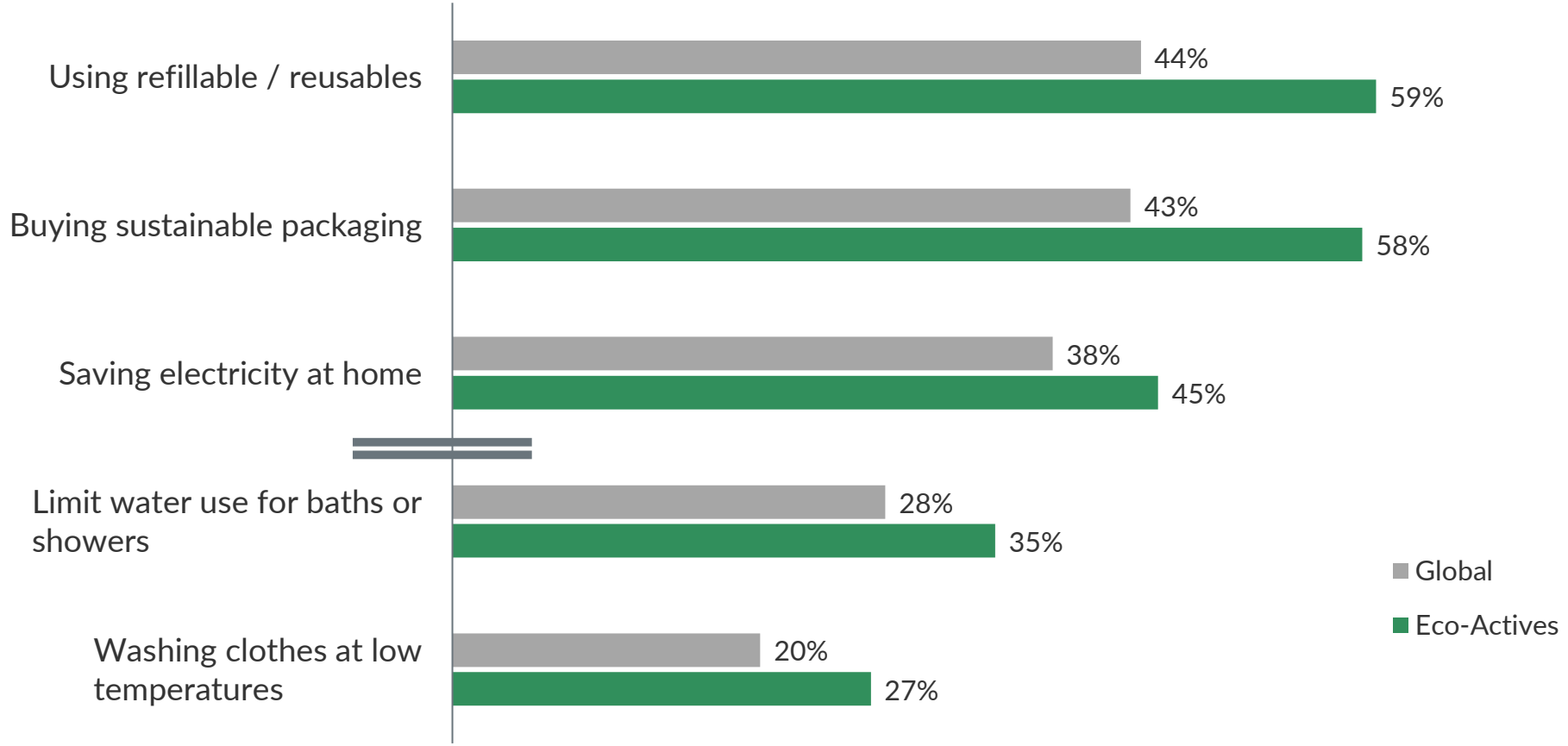
Consumer interest in eco-friendly behavior has been largely centered around minimizing plastic waste. Now, interest is turning to other areas as well. Eco-actives are increasingly aware of the environmental impact of every part of their lifestyle – buying locally, looking for carbon-neutrality, reading recycling labels, and checking items to see whether they are sustainably sourced.

© GfK

# Many will try to reduce their footprint (somewhat)

## Packaging still major focal point for action

**Actions (5/9) people intend to do more and much more compared with last year**




- Source: Kantar, Europanel, GfK - Who Cares, Who Does 2021?

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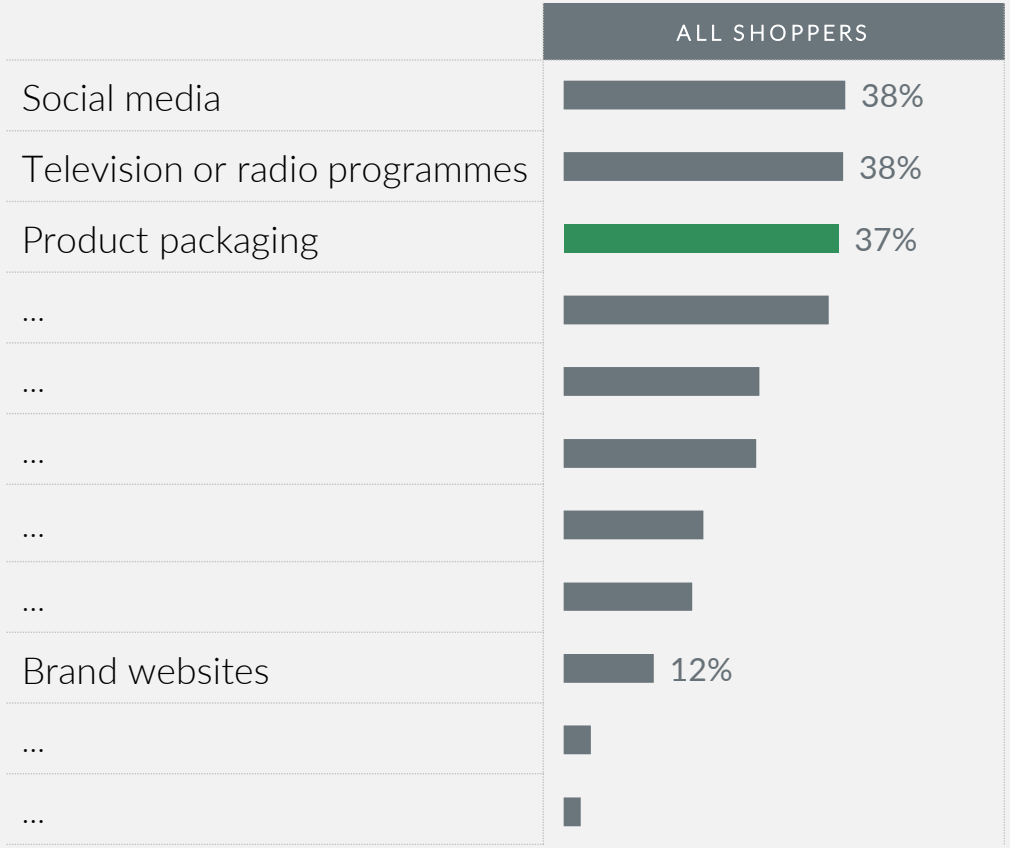
# Media and packaging most influential

Which of the following shape your behaviour regarding the environment and society (% yes)



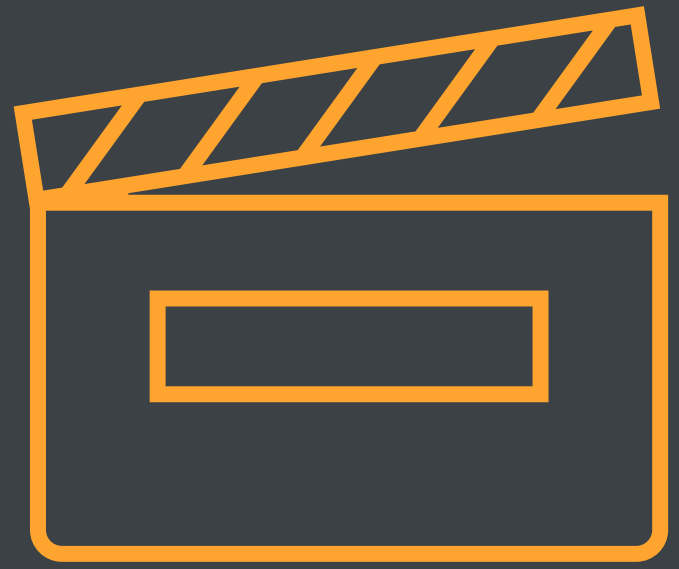

(Social) media and product packaging have the biggest influence on shaping shoppers sustainable behaviour.

**Product packaging** is more important to **Eco-Actives** (ranking #1) and more so in **Europe**. Brand websites have low impact.

© GfK

# Closing the Value Action Gap

The discrepancy between consumers' values and their actions represents unfulfilled green intentions. It means consumers want to play their part in a sustainable future, but either don't know how or feel that doing so is too difficult. Brands that can help them buy as they want to can tap into significant spending power.

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# The unmet need of the Value-Action gap

Behind those people regularly shopping sustainably is an unmet need of the Value-Action gap – people who would like to shop sustainably but can't.

**65%** of people try to buy environmentally friendly packaging

**...but only**

**29%** of people regularly avoid plastic packaging

**Want to do more**

| | |
|---|---|
| Population share | **36%** |
| Worth | **$806 bn** |

- Source: Kantar, Europanel, GfK - Who Cares, Who Does 2021?

© GfK

# Affordability and ease are main obstacles

## Barriers

## Strategies to overcome them

- Increase perceived value
- Communicate green information powerfully
- Make sustainability readily available
- Emphasize product effectiveness


© GfK

# (Who's) Taking the lead

Two in ten people believe **individuals** can make the biggest difference in "controlling and limiting the damage humans are doing to the environment", while four in ten believe **manufacturers** have this power.

This showcases the importance of brands operating circular business models to work with their consumers to reduce **collective environmental footprint**.


© GfK

# Brand recognition is lagging, but doing a good job will be rewarded

41% of shoppers can name a brand that does a lot for the environment

28% of shoppers can name one that does a lot for society

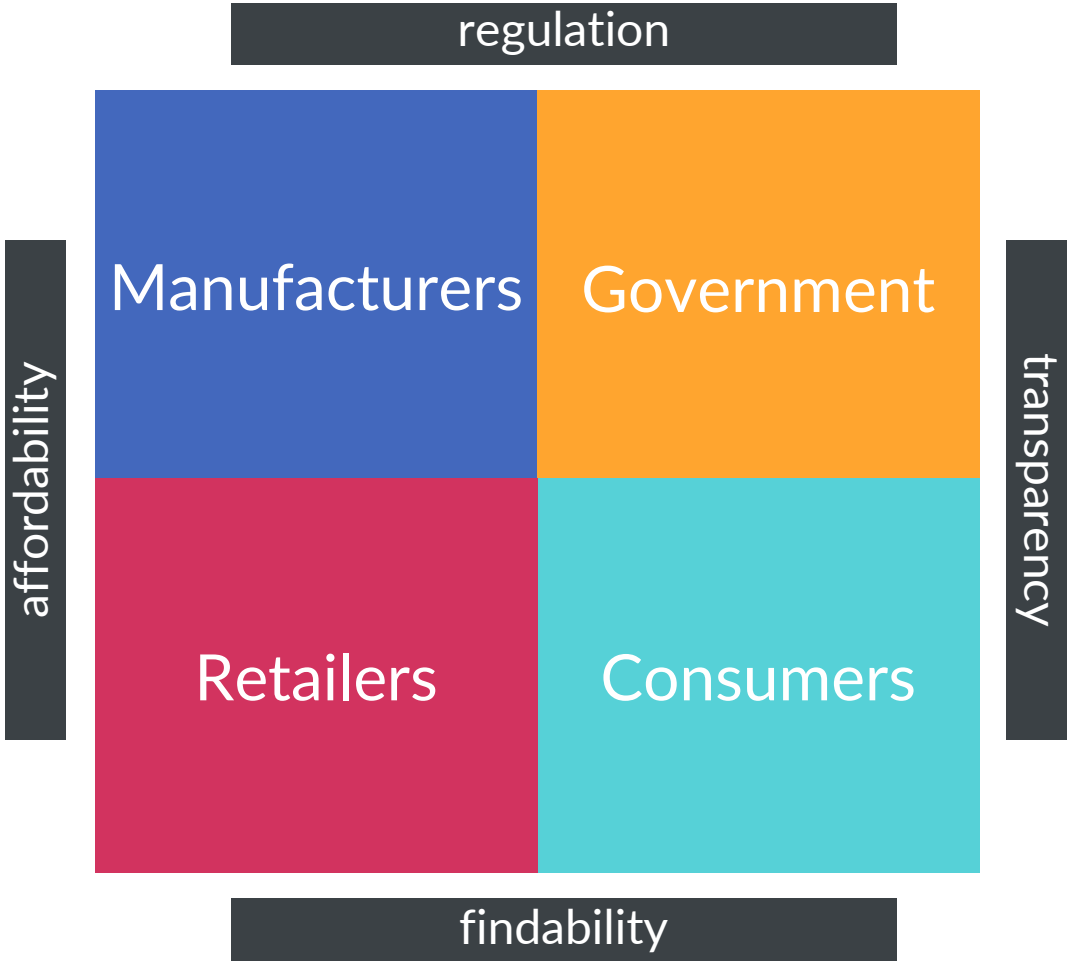
68% has stopped buying certain products and services because of their negative impact

70% has switched to comparable products with a positive impact

Source: Kantar, Europanel, GfK - Who Cares, Who Does 2021?
Question not asked in Asia

© GfK

# Reciprocal action recognizing customers as partners rather than end-point consumers



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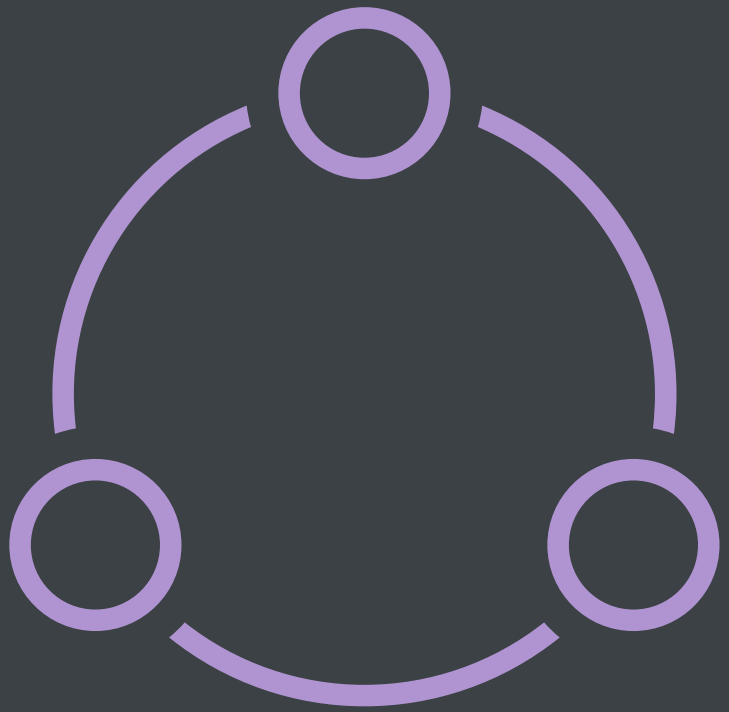
# Tripling the benefit



Circular business brings a double environmental benefit – reducing not only the amount of landfill from consumers, but also the amount of raw material needed for manufacture. To truly encourage consumers to be partners in a circular economy the benefit needs to be tripled.


© GfK

# Empowering consumers, tripling benefits

ECO-DISMISSERS

ECO-CONSIDERERS

ECO-ACTIVES

**Look for**

Saving energy

Saving water

Food waste reduction

Locally produced

Less packaging

**Affordability**

**Look for**

Refills

How to...Instructions

Recycling

Incentives

**Ease**

**Look for**

Recycling labels

Biodegradable

Natural

Zero carbon labels

Badge of honor

**Rewards**

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