

— ETHICS & —
SUSTAINABILITY

UNPACKING UNPACKED

— 2019/20 —

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SUMMARY

In 2019 we launched an 11-week Unpacked test in our Waitrose Botley Road shop, taking more than 200 products out of packaging using a 'Reduce, Reuse, Refill' model. The aim was to see where we could remove unnecessary packaging and test how customers might be prepared to shop differently.

During the test we captured customers' reactions and behaviour changes. We also commissioned an environmental assessment to calculate indicative packaging reductions and an estimate of Unpacked's overall impact on greenhouse gas emissions, when compared to a conventional shopping model. In summary, we found:

- Customers showed clear signs of behaviour change. 72% were very satisfied shopping Unpacked and 80% said they would be very likely to shop it again. It was encouraging that customers commented that they would like to see more products included in the range.
- 98% of single-use plastic packaging was eliminated across Unpacked products.
- The Unpacked proposition has the potential to reduce greenhouse gases, but this is significantly dependent on whether food waste is increased either in the supply chain or in our customers' homes.

This report describes the Unpacked test, details the findings and suggests key success factors for industry progress.



72%

of customers were very satisfied shopping Unpacked

80%

of customers said they would be very likely to shop it again

98%

of single-use plastic packaging was eliminated across Unpacked products

INTRODUCTION

We have been reducing the amount of physical waste our business produces through its operations and sale of goods and services for many years. We know this is vital to prevent further environmental damage, food scarcity and climate breakdown.

In October 2020 we launched two bold new commitments:

- In addition to our commitment to halve food waste in our own operations by 2030, we've extended this to our supply chain too.
- We will help halve our customers' household food waste by 2030.

At a Partnership level we also have the existing targets¹:

- 100% of our operational waste across the Partnership will be diverted from landfill by the end of January 2021.
- 85% of all operational waste across the Partnership will be recyclable by 2028².
- All own-brand product packaging across our two brands will be widely recyclable, reusable, or home compostable by 2023.
- By 2030 Waitrose will reduce operational food waste by 50% against a 2018 baseline.

We know that plastics and packaging are a serious concern for both our Partners (staff) and customers. Figures show that plastic in our oceans will outweigh fish by 2050³ and in 2019 alone Waitrose received over 7,000 customer queries regarding our use of plastics and packaging materials. These are all reasons why reducing single-use plastic and removing unnecessary packaging are crucial elements of our approach to minimising waste. At Waitrose we have set a specific target to reduce the single-use plastic packaging in our own-brand ranges by 20% by the end of 2021⁴.

We must also keep in mind that plastic and packaging serve several important functions in retail, including protecting products in transit from damage, helping preserve food for longer and preventing food waste.

For more information on how we are tackling single-use plastic, packaging and food waste, see our [Ethics & Sustainability Progress Report](#) and [Waitrose's Taking Action On Plastics Report](#).

100%

of our operational waste across the Partnership will be diverted from landfill by the end of January 2021.

85%

of all operational waste across the Partnership will be recyclable by 2028.

50%

By 2030 Waitrose will reduce operational food waste by 50% against a 2018 baseline.



¹ For our progress against these targets please see our 2019/20 [Ethics and Sustainability Progress Report](#).

² Our operational waste target has been revised from a 75% target by the end of January 2021 to a target of 85%.

³ If current trends continue. Figures from WEF http://www3.weforum.org/docs/WEF_The_New_Plastics_Economy.pdf.

⁴ In 2019 Waitrose reduced single-use plastic packaging in our own-brand ranges by 2% against a 2018 baseline. Our target is a 10% reduction by the end of 2020 and a 20% reduction by the end of 2021.

WHAT IS UNPACKED?

One element of our approach to reducing the physical waste our business produces has been to work with customers to understand which single-use plastics and packaging are deemed unnecessary and trial new ways of shopping that have a positive impact on the environment.



- In June 2019 we launched our Unpacked test at our Waitrose Botley Road shop in Oxford with the principle of 'Reduce, Reuse, Refill'. The aim was to reduce unnecessary packaging and test how customers might be prepared to shop differently. To do this, we introduced a range of initiatives:
- More than 200 products were removed from their packaging including, the largest range of loose fruit and veg of any national supermarket.
 - 28 varieties of dried goods, from pasta to cereal, were available in dispensers.
 - Customers could choose from six types of loose frozen fruit to pick and mix.
 - We offered four beers and four wines on tap.
 - We introduced four blends of coffee which could be dispensed and ground in store.
 - One detergent and one washing up liquid to dispense and refill.
 - We tested a 'Veg Kitchen' where Partners could prepare vegetables to customers' requirements.

- Customers were encouraged to bring their own containers to take home loose items, or were able to buy or borrow reusable boxes in store. We offered a 10% discount to incentivise customers to bring their own containers when shopping at our counters.
- Impactful branding, ambassadors and extra signage were introduced to help customers understand and shop Unpacked and provide feedback.

The 11-week test had such an overwhelmingly positive response that a number of the initiatives were introduced in three further Waitrose stores: Cheltenham in September 2019, followed by Wallingford and Abingdon in November 2019.



WHAT DID CUSTOMERS THINK?

Analysis was carried out during the 11-week test on customer behaviour and their experience of shopping Unpacked. Customer insight was collected through in-store interviews (90), exit surveys (400), comment boards in-store, a dedicated online form (740 responses), our social media channels and a focus group of 30 customers.

Overall, 72% of customers were very satisfied shopping Unpacked and 80% stated that they would be very likely to shop Unpacked again⁵.

Positive feedback:

- Shoppers liked the look and feel of the Unpacked branding and displays.
- Feedback showed that the buzz and Partner interaction in the shop created a sense of community and had a positive impact on customers' shopping experience.
- Customers liked being able to buy smaller or exact quantities and the potential to reduce the cost of their shop and food waste.
- Shoppers loved that Unpacked helped them do their bit for the environment and feel better about their purchases.

Suggested improvements:

- Customers commented that they would like to see a broader range of Unpacked products, including more brands, more products for special dietary requirements (e.g. gluten-free) and extensions to more categories (e.g. health and beauty).
- Feedback suggested Unpacked would be even better if there were options for convenience and eating on the go.
- Some customers missed the nutritional information which is normally provided on pack.

⁵ Unpacked online feedback form, 740 respondents, 3 week rolling average. Questions: Overall, how satisfied or dissatisfied were you with your experience of the Unpacked areas when you visited the store? How likely or unlikely are you to shop in the Unpacked areas of Waitrose Botley Road again in the future?

CUSTOMER QUOTES

“ I love the concept and how refreshing it is to see action being taken rather than just words being spoken about making changes ”

“ Unpacked would be even better if more products were available ”

“ I like that Waitrose is reducing plastic and trying to do the right thing for the environment ”



HOW DID CUSTOMERS BEHAVE?

OUR TOP TEN FINDINGS

- 1 Over time more customers remembered to bring their containers from home. By week 10 of the test, 45% of Unpacked customers were bringing their own container and on average 33% of customers took their products home without using any packaging at all. However, the preference or default was to use 'back-up' packaging provided by Waitrose such as paper or home compostable bags⁶.
- 2 Borrowing a reusable box was not a popular choice for customers. However, there were certain nuances like the location of reusable boxes in store and the deposit required that could have contributed to the low uptake.
- 3 Some customers said that shopping Unpacked was slower than normal but that they didn't mind. By week 10, many shoppers had been able to find their own shortcuts and 13% perceived that shopping Unpacked was quicker. Only 2% of customers surveyed in week 10 described Unpacked as slower than normal and found it frustrating to shop.
- 4 For some shoppers, their time was limited and convenience remained a top priority – for example, customers on a quick lunch break or shopping after work were less likely to engage with Unpacked.
- 5 There were varying degrees of success for those shopping Unpacked with children. For some it proved more challenging to keep children entertained while others said it provided an opportunity for the children to get involved and to educate them.
- 6 Unpacked improved the perception of food quality, however, some customers highlighted that additional handling could spoil the fruit and veg. Some products suffered out of packaging and findings suggested that shoppers were likely to revert back to pre-packed items if the quality of the loose products had been compromised.
- 7 Hygiene considerations were called out by some customers such as how clean other people's reusable containers were, however, for the majority, it did not present a barrier to shopping in this way.
- 8 As the test progressed, customers developed their own ways to remember packaging and broadened their options on what could be useful packaging such as reusing old cereal packets, ice cream tubs and jam jars. Many also re-educated themselves on the best ways to prolong the shelf-life of their goods, through better food storage and increased planning.
- 9 Our customers care about reducing plastic but in some cases personal gains were most influential on their decision making. The research showed that the primary motivators for change were saving money, for example, by buying exact quantities or saving time by not needing to decant products at home.
- 10 Customers shopping Unpacked showed signs of being more aware of their own environmental impact and changed their behaviour accordingly, for instance reading recyclability information on pack, wasting less energy at home and not using disposable coffee cups. However, it is difficult to attribute this to Unpacked directly.

⁶ We made a conscious decision to offer paper bags and home compostable bags to customers who forgot their containers. We didn't want to dissuade customers who forgot their container and were eager to try Unpacked. Our Partners were trained to engage with customers and provide gentle reminders to bring their containers next time. Insight data showed that customers were using tactics to remember their containers e.g. keeping bags in their car or other set places, and adding reminders on their fridge, shopping list or phone.

WHAT WERE THE ENVIRONMENTAL FINDINGS?

98%

of single-use plastic packaging was eliminated across Unpacked products.

Environmental consultancy Resource Futures was commissioned to do the environmental modelling of the 11-week test to calculate the indicative amount of plastic and packaging saved through Unpacked and an estimate of its impact on greenhouse gas emissions.

PLASTIC AND PACKAGING

Plastic and packaging reductions were estimated by calculating a comparison between the primary and secondary packaging⁷ from a representative sample of the Unpacked products with their pre-packed equivalent.

- 98%⁸ of single-use plastic packaging was eliminated across Unpacked products. This equates to a reduction of almost 130,000 pieces of single-use plastic packaging⁹.
- All plastic packaging (single-use and reusable e.g. plastic reusable fresh produce crates) was reduced by 83%.
- Total packaging, including all materials e.g. plastic, glass, card, was reduced by 41%.

GREENHOUSE GASES

The environmental model indicates whether selling products through Unpacked would likely increase or decrease greenhouse gas emissions in comparison to selling a product in single-use packaging. In particular, we factored in food type and weight, packaging types and weight, transport mode and distance, additional washing of containers and waste type, weight and disposal route¹⁰.

- All things being equal (e.g. food waste rates or product ordering), the Unpacked proposition has the potential to reduce greenhouse gases, but this is significantly dependent on whether food waste is increased either in the supply chain or in our customers' homes.

- Greenhouse gas emissions decreased in eight out of the nine Unpacked product categories¹¹ modelled but increased in the soft fruits category. This was due to over-ordering at the start of the test and damage to some of the soft fruit causing more food waste than we would have liked.
- It is not possible to conclude an exact greenhouse gas reduction figure across the Unpacked test because quantitative figures on customer behaviour at home, namely: total food waste, packaging disposal, number of times containers were reused and customers frequency of visits to shops and mode of transport to store, were out of scope of the data collection.

- A customer should reuse Unpacked packaging the following number of times for there to be a 'break even' environmental benefit over single-use packaging¹²:
 - Cotton bags should be reused 158 times (with two bags assumed to carry the same amount of Unpacked products as pre-packed).
 - Tupperware containers for dry foods should be reused 55 times.
 - Wine bottles should be reused six times.

However, the greenhouse gas emissions associated with the number of times a container or bag is reused are not significant when compared with the greenhouse gas impact associated with food production and food waste.

FOOD WASTE

About a third of all food produced globally is wasted¹³. Food waste has significant socio-economic and environmental impacts, creating unnecessary greenhouse gas emissions and is a tremendous waste of resources. WRAP estimates that, post farm gate, the UK generates around 9.5 million tonnes of food waste a year, which is responsible for over 25 million tonnes of greenhouse gas emissions¹⁴.

The Unpacked environmental modelling assesses the impact of food waste caused by Unpacked on its overall environmental benefits.

Operationally food waste did increase at the start of the test while we were understanding the demand for loose produce compared with packed. One product category that was particularly affected was soft fruits, where more customers switched to Unpacked than we originally envisaged, leaving a surplus of pre-packed options.

Food waste at home was more difficult to track and measure. Anecdotal evidence suggests food waste was reduced as customers had more flexibility to just buy what they need. However, more quantitative data would be required to fully understand the impacts.

In conclusion, there is scope for significant greenhouse gas reductions through Unpacked by using it as a vehicle to reduce food waste in the home, the impact of which would be far greater in scale than the reduction in impact associated with reducing or changing packaging alone.

Ultimately, how Unpacked affects food waste at home or in the supply chain determines whether Unpacked will reduce or increase greenhouse gas emissions.

⁷ Primary packaging is any packaging that the customer takes the product home in. Secondary packaging is used to deliver the product in bulk through the supply chain.

⁸ This figure isn't quite 100% as some single-use plastic packaging is required to bring in some products in bulk.

⁹ Research on the impact of plastic pollution by academics cannot yet be quantified in a simple metric to be used in environmental impact modelling - whether these effects are, for example, toxicological effects in ecosystems or physical impacts on marine wildlife. Hence, for this Waitrose assessment, total single-use plastic reduction can be seen as the basic indicator proxy for, as yet, not well-understood plastic pollution impacts.

¹⁰ The model includes up to 77 variables per product stretching from the point in the supply chain where the product does or doesn't go into packaging right through to what the customer does with it at home. Assumptions are taken in the modelling concerning consumer behaviours therefore the outputs are estimates.

¹¹ The environmental model maps nine product categories which act as indicators to represent all Unpacked products. The nine categories are: soft fruit, root vegetables, salad, speciality vegetables, cereal, dried fruits, washing-up liquid, frozen fruit, wine.

¹² This is modelled on estimates and assumptions. The data is not yet available to quantify what customers are actually doing.

¹³ United Nations Food and Agriculture Organisation, 2011 <http://www.fao.org/3/a-i2697e.pdf>

¹⁴ WRAP 2020 https://wrap.org.uk/sites/files/wrap/Food_%20surplus_and_waste_in_the_UK_key_facts_Jan_2020.pdf



WHAT ARE THE KEY SUCCESS FACTORS FOR INDUSTRY PROGRESS?



We have had the opportunity to gain significant learnings during the early stages of our Unpacked tests and have been actively engaging with NGOs, government and other retailers to identify the key success factors for industry progress.

Here are some of the key success factors that we believe would greatly assist industry progress with reuse and refill models:

- A common language and approach is important for consistent, rapid progress. Supermarkets should publish their packaging reduction strategy with clear targets and strive for a common approach to measurement.

- Investment and innovations in automated measuring equipment is important to help align with the weights and measures legislation, which does not currently accommodate random measures.
- To introduce refills at scale, more efficient solutions need to be found for managing food safety and standards and minimising the cross contamination of food containing any of the 14 named allergens.
- Providing customers with clear product information is essential. This would be greatly aided by the development of a washable food label solution for returnable containers, so that product information can be clearly displayed or accessed (e.g. QR technology) and single-use labels are eliminated.
- More quantitative research is required to identify the impact of removing packaging and refill models on food waste in the home. This is significant to conclude the overall environmental benefit of these models.

Supermarkets should publish their packaging reduction strategy with clear targets and strive for a common approach to measurement.



WHAT'S NEXT?

We have had an overwhelmingly positive reaction to Unpacked and we are thankful to all of our Partners, customers, suppliers and partner NGOs for their feedback and support.

It will be no surprise that implementing Unpacked has been complex, requiring wholesale change across all parts of the value chain including how our farmers and producers package our goods, how they are transported, how their quality is protected, and how we sell them in store. For some of the products, it was the first time a large retailer in the UK had sold them in this manner. The novel way in which we merchandised these products led to the need for an innovative approach with regard to food safety and standard processes. We worked with our enforcement partners in the Department for Business, Energy & Industrial Strategy and the Food Standards Agency to ensure our legal obligations were upheld.

Moving forward, we are working hard to understand the viability of rolling out Unpacked further, particularly given the changes to shopping habits during the COVID-19 pandemic. We must continue to look at how to adapt our supply chain and encourage long-term customer behaviour change, a recent update at our Wallingford branch has seen the Unpacked proposition move in-aisle to test customer reaction to shopping Unpacked as part of their normal shopping journey.

There remains a lot of work for us to do and this is no easy task but something we are really trying to get right. In the meantime, we are pleased that our existing Unpacked test shops in Oxford Botley Road, Abingdon, Wallingford and Cheltenham continue to offer our Unpacked proposition.



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