

Business model innovation as mean for reducing packaging in retail

Towards a holistic and practice-oriented approach

New Business Model Conference

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Packaging poses an environmental burden.

Packaging (39.9 %) and building/construction (19.8 %) are the largest end-use markets for plastics.

Strong increase in consumption of plastic and paper/board packaging

Packaging has a short lifetime (~ 0.5 years on average).

24% of plastic waste is incinerated, 18% recycled.

Entry of plastic waste into rivers and oceans. Exposure to wind, waves and sunlight turns it into microplastic.

Less (plastic) packaging as preventive measure



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Innoredux proposes proactive and strategic organizational solutions.



- **Project duration:** 01.02.2019 – 31.1.2022 (36 months)
- **Ideas and aims:**
 - Aim is to **collaboratively develop, implement and evaluate technical, organizational and social innovations** in the retail sector
 - Focus: **packaging** of various product groups (food, textiles, office supplies, cosmetics and detergents/cleaning agents)
 - Developing and implementing **municipal measures** in Heidelberg (real-world laboratory approach)
 - Identifying potentials for **upscaling**
- Project partners are retailers, NGOs and a city administration from Germany

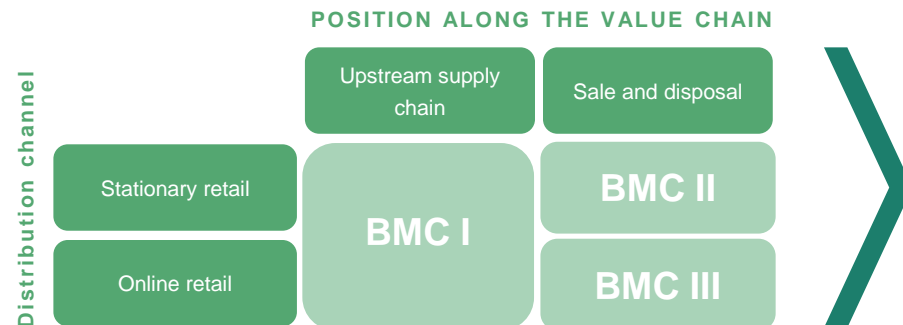


We link packaging with business model innovation.

Business model innovation is ...

- the creation of completely new business models, or
- the modification of at least two or more business model building blocks and/or their relationship to each other

Focus on innovations in **retail companies** and **packaging** and how this influences business models.



- Classification of packaging solutions in the value chain
- Application of the Business Model Canvas (BMC) framework
- Analysis of changes in business model components

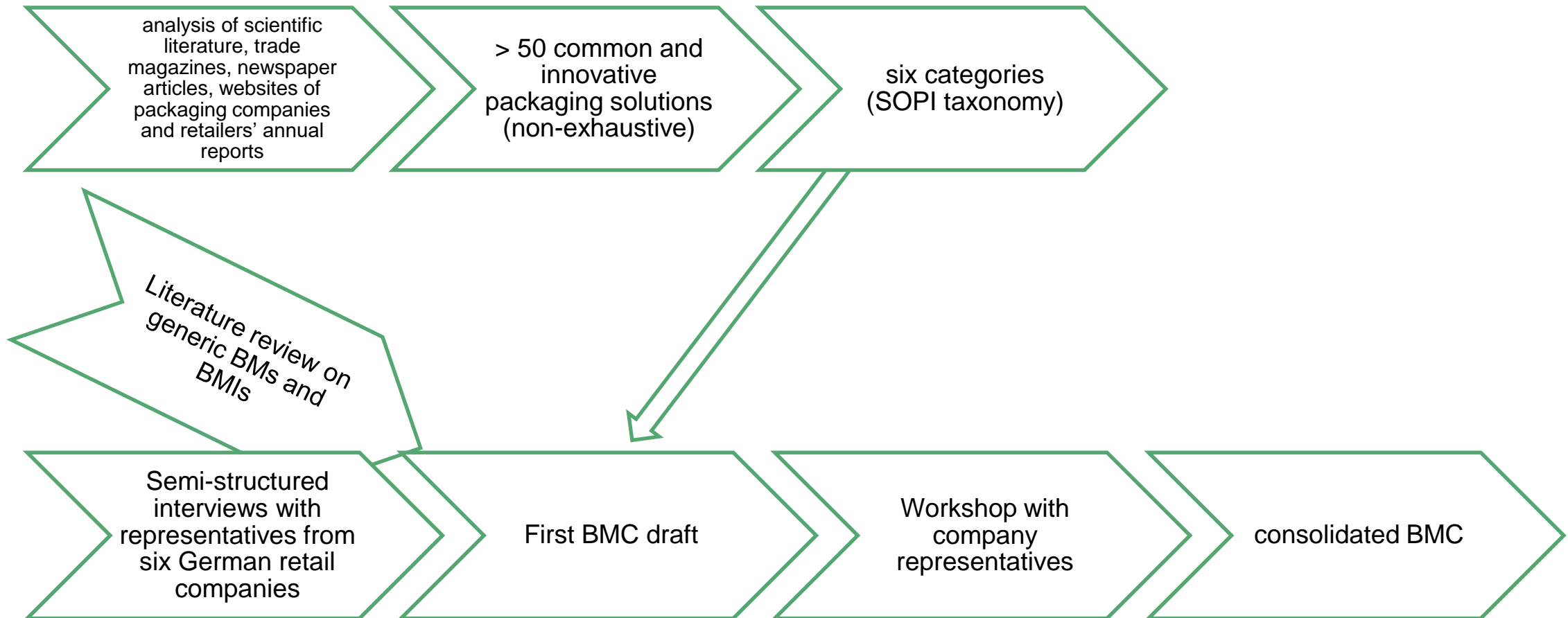
Previous work linking BM and BMI with measures to reduce packaging...



- ... is heterogeneous in
 - its approach
 - in the BM concepts used
 - the methodology employed
- Reduction of packaging or plastic is rather a secondary issue
- Usually no indication of concrete BM elements that change or BM types that would be adequate, but if so circular economy and Circular Business Models are referenced



Methodological approach



Sustainability-oriented packaging improvements (SOPI taxonomy)

1

Packaging free ☒

Omission of sales packaging of goods, *e.g. sale of bulk goods, refill stations*

2

Returnable and reusable packaging ♻️

Packaging is designed in such a way that it can and should be used several times...

- 1) without return system, *e.g. reusable bags and coffee cups*
- 2) with return system, *e.g. refillable (deposit) bottles*

3

Reduced use of materials 📉

The goods remain the same, but the packaging material used is reduced by an adjustment...

- 1) for a more efficient material use, *e.g. thinner packaging and lids*
- 2) on the product side, *e.g. concentrates*
- 3) of the packaging volume

🔄 Substitution of materials

The packaging material is replaced by...

- 1) an alternative material, *e.g. paper/cardboard instead of plastic*
- 2) materials that are easier to recycle, *e.g. no black plastic*
- 3) recycled material, *e.g. rPET*

4

💡 Revised packaging design

A completely different packaging solution is used...

- 1) without product modification, *e.g. refill packages, flexible instead of rigid packaging such as plastic pouches*
- 2) with product modification, *e.g. solid shampoo bars and toothpaste*

5

🤝 Retailer services

e.g. customer information on proper disposal and ecological impact of packaging alternatives, measures to **prevent returns** in e-commerce such as *detailed product descriptions or product videos*

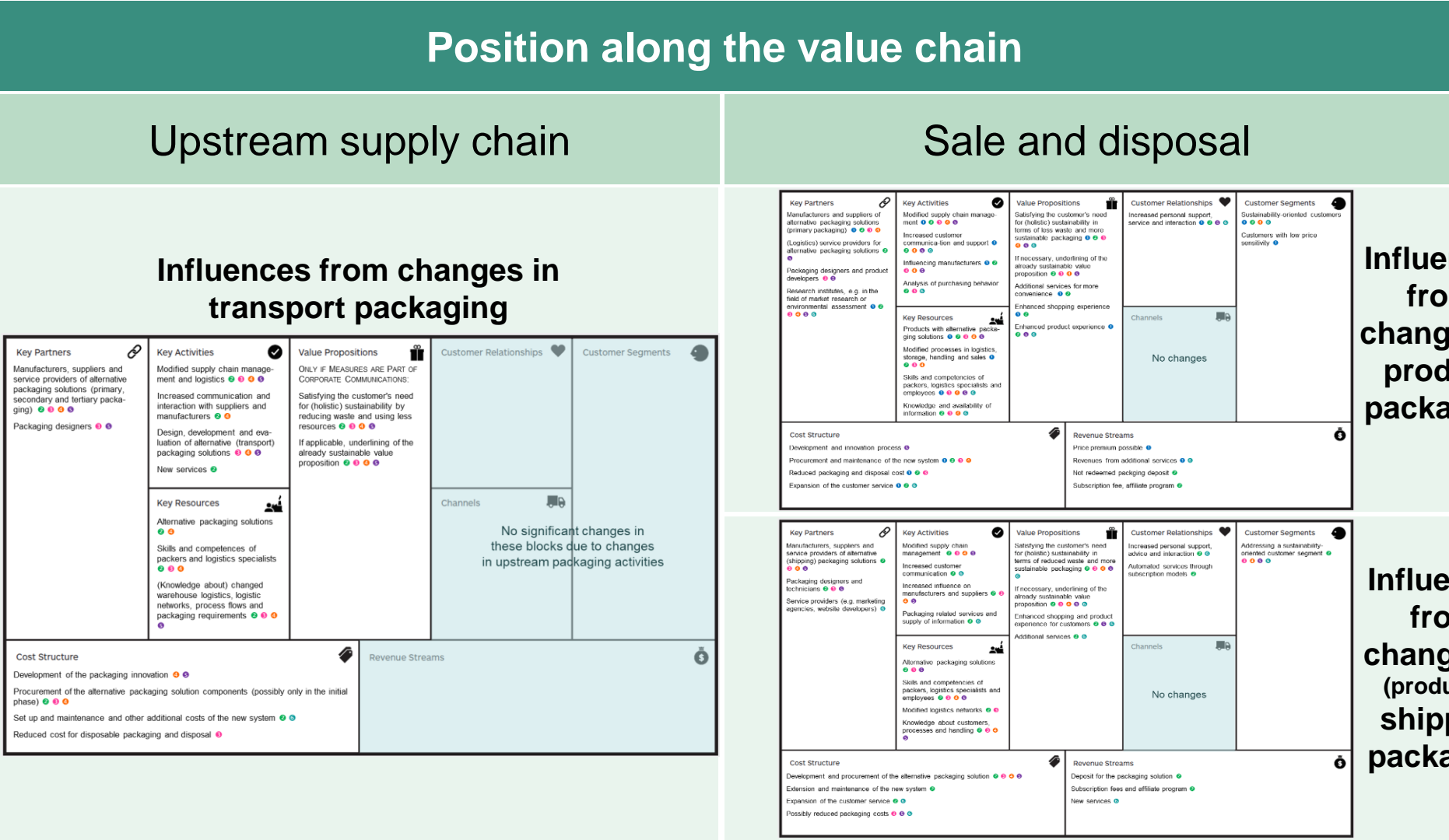
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Further approaches:

Integrated strategy: sufficiency-oriented marketing, *e.g. repair services, encouragement to reflect on consumption needs*

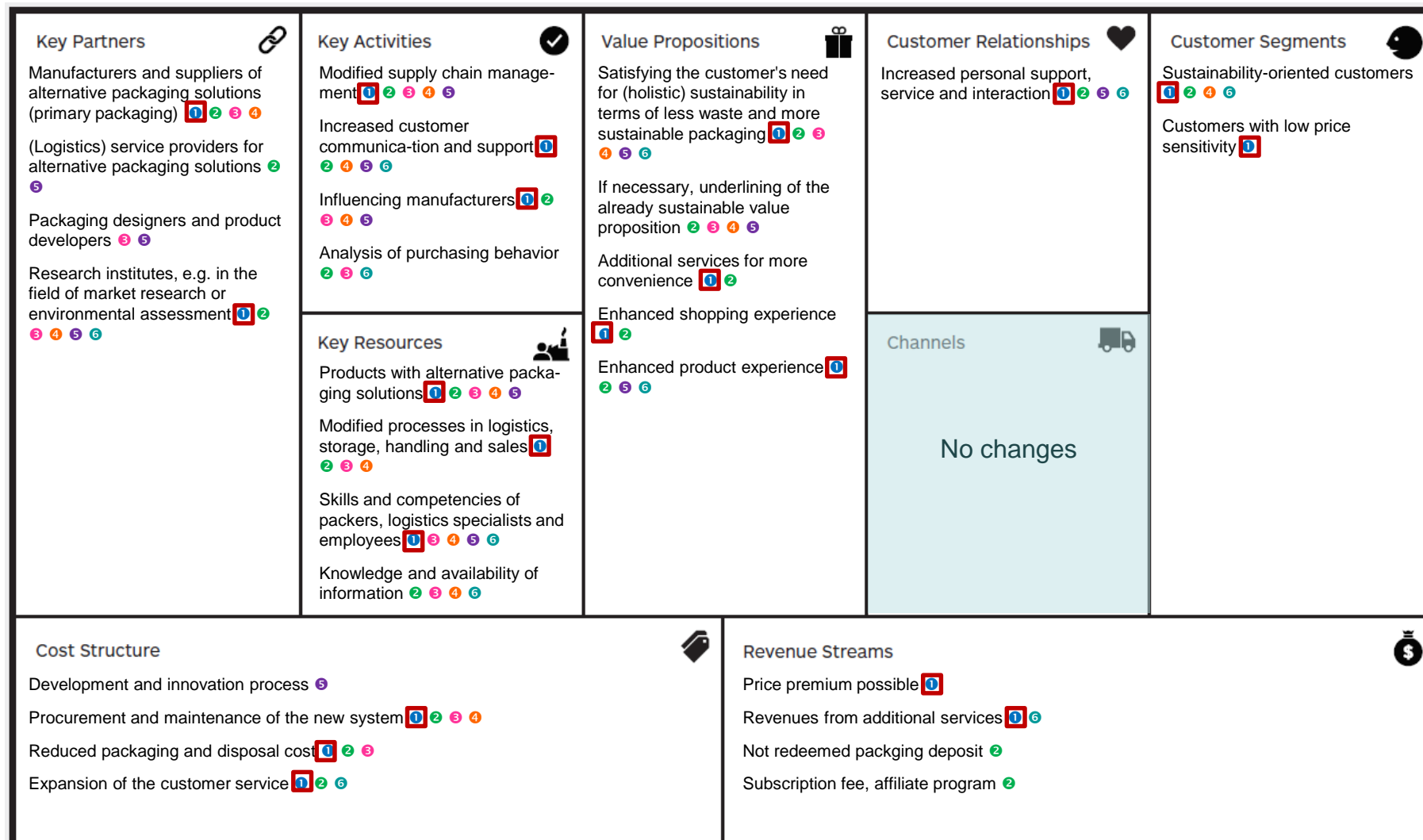
Supplementary strategy: reuse of previously used packaging such as *cardboard boxes for shipping*

Changes in packaging are reflected in business model building blocks.





Type II: Stationary Retail - Sale



1 Packaging free

2 Reusable systems

3 Reduced use of materials

4 Substitution of materials

5 Revised packaging design

6 Retailer services

Take home message

- Sustainable and trustworthy strategies for retailers
 - Looking at the value chain
(horizontal and vertical cooperation, not only include „visible“ packaging but also transport packaging, talk to product/packaging designers and waste management companies)
 - Looking at the whole product range (comprehensive solutions, step by step)
 - Looking at customers (participation, acceptance)






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Thank you for your attention!

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