

Loop's launch brings reusable packaging to the world's biggest brands

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GreenBiz collage, via Loop

A new initiative by a small company has compelled more than two dozen of the world's biggest brands to begin testing reusable packaging.

[Loop](#), launched today at the World Economic Forum in Davos, Switzerland, has amassed a blue-chip roster of companies, all of which are piloting a new system of high-quality packaging that can be returned and refilled again and again. In essence, it changes the ownership model of packaging from consumer to producer.

The big question is, will consumers buy into it?

Today's launch is the product of more than a year's work by [TerraCycle](#), the Trenton, New Jersey-based company that made a name for itself by turning hard-to-recycle waste (think juice boxes, coffee capsules, plastic gloves and cigarette filters) into new products. Along the way, the company, founded in 2001, has partnered with major consumer brands, retailers, manufacturers, municipalities and small businesses in more than 20 countries.

Loop is the natural progression of that model, as well as the corporate relationships TerraCycle developed over the years. Its Loop partners include Procter & Gamble, Nestlé, PepsiCo, Unilever, Mars, Clorox, Coca-Cola, Mondelēz, Danone and a dozen or so smaller brands. European retailer Carrefour, logistics company UPS and resource management company Suez are also engaged in the system.

The service will launch this spring in two markets: Ile-de-France, the region in north-central France surrounding Paris; and the New York region, which includes parts of Pennsylvania and New Jersey. Initially, about 300 products will be available in durable, reusable containers, many created especially for Loop.

"The key thesis statement is we can't just recycle our way out of the garbage crisis," Tom Szaky, TerraCycle's CEO and co-founder, explained to me recently. "We need foundational changes. Our version of the foundational change is: How do we solve for disposability at the root cause, while matching the benefits?"

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Simply put, Loop brings back the old "milkman model," where products are delivered to customers at the same time empties are picked up, washed, refilled and restocked for delivery to another customer. The customer gets the product but the company owns the package.

The reality is somewhat more complex.

Loop initially will be an e-commerce play. Consumers can order goods from the Loop website or that of a partner and have them delivered like traditional products ordered online. But there's a twist: Customers pay a small deposit for a package that has been designed for 100 or more use-cycles. When the container is empty, customers place it in a specially designed tote for pickup or, in some cases, can bring it to a retailer. They can choose whether they want that product replenished; if not, their deposit is returned or credited to their account. The empties are sent to a facility where they are washed and refilled.

The entire process is handled by TerraCycle, from sale and delivery to package return and cleaning. In effect, TerraCycle is the online retailer, buying wholesale and selling retail. The package remains the property of the brand.

Eventually, Loop will expand to include brick-and-mortar retailers — Carrefour and Tesco in Europe have signed on and expect to introduce Loop products in their stores later this year; a U.S. retail partner hasn't yet been named. In that in-store version, consumers can bring empties back in a QR-embedded container provided by Loop.

Scratching a niche

The rebirth of reuse has been long coming. Since the dawn of the recycling movement about 30 years ago, companies have tried a number of schemes to enable consumers to use packaging over and over. One plan featured small packets of concentrated liquids used to refill a bottle of household cleaner — just add water to the concentrate and, voilà, a full bottle of a brand-name product. Another approach, refill stores, emerged in cities in Europe and North America, enabling consumers to bring their own container to buy bulk goods. Refill stations also are in traditional supermarkets and in some personal care retailers.

But none of these has caught on beyond a tiny niche. Consumers, outside of a precious few hardcore greenies, don't really want to be inconvenienced, much as they may be seeking to avoid wasteful practices.

Loop's approach seeks to overcome those obstacles. The key, said Szaky, is trying to mimic the way consumers already buy, use and dispose of packaging.

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"We realized that recycling and using recycled content is about trying to do the best you can with waste, but it's not solving the foundational reason we have waste. We did a lot of reflection on that and realized that the foundational cause of garbage is disposability and single-use. We tried to come up with a way to solve for disposability but maintain the virtues of disposability, which are convenience and affordability."



TerraCycle

Szaky explained that his goal with Loop was to make the system simple and familiar. "You get a box at your door with your stuff in it. Though it's better, because your box is durable, and you don't have to worry about recycling all that cardboard."

Similarly on the back end. "We're trying to emulate the way you do your recycling at home. You take your used packages and you either put them in the recycling container or into your garbage bin. And then you lug it down to the curb and your recycling company or your garbage company takes it."

With Loop, consumers put empties in a tote or other Loop-provided receptacle, which is picked up via UPS or another carrier, or dropped off at a retail partner," explains Szaky. "There's no washing, no cleaning required. Just like a disposable object, you throw it back into one of those durable shipping containers you would've received from us." Szaky envisions a "reuse bin" eventually showing up in homes alongside garbage and recycling bins. "And when we pick up, you have the option to have it set to auto-replenish, so that you can actually make your shopping even easier, because your empties trigger your re-orders."

Counter-worthy

Part of the magic of Loop is reusable packaging, designed in partnership with the brand owners to be not just durable, but "counter-worthy" — attractive enough to keep in plain view, in the words of Virginie Helias, vice president and chief sustainability officer at Procter & Gamble. "You want to show it to your friends." But, she adds, the appeal is not just aesthetic: "It's also the fact that it's a better premium experience for people."

For P&G, that meant designing new packaging for the Loop platform. And, in some cases, inventing new products altogether.

For example, the company developed a toothbrush called Click, part of the company's Oral B line. "It's basically a new design that reduced the plastic by 60 percent because you have a durable handle which is made of composite material," explained Helias. "And there is a mechanism which we call Click Fits, which allows you to detach the head from the handle."



A Loop tote for delivering products to consumers.

Procter & Gamble, Loop's biggest partner, which also owns a 2 percent stake in the enterprise, has tapped into 10 of its most iconic brands as part of the Loop launch, including Ariel, Cascade, Crest, Febreze, Gillette, Pantene, Pampers and Tide. "What was great to see was that most of our P&G categories were actually highly relevant for people in terms of having durable packaging," said Helias.

Unilever, another Loop launch partner, is putting nine of its brands into the Loop platform, including Rexona, Dove and Axe deodorants; Signal toothpaste; and Hellmann's mayonnaise.

With the company's deodorant brands, "The base of the stick packaging is now made from stainless steel. As you use the product, there's an insertable refill where you then give that back to us and then we send you a new one," explained David Blanchard, Unilever's chief R&D officer.

Like P&G's Helias, Blanchard used the word "beautiful" repeatedly in our conversation to describe the company's various reusable packaging innovations, made from glass, aluminum, durable plastics and other materials. For example, regarding the deodorants, he said, "It's a beautifully crafted piece of packaging."

Another Unilever innovation is Signal tooth tabs, an alternative to toothpaste. Essentially, it's a small tablet of tooth powder you "chew, brush as usual, then rinse and smile," Blanchard explained. "We're creating a whole new format in a fully recyclable and refillable jar, so you get zero packaging, zero waste. It uses less water because of the way in which you simply put the product in your mouth and then clean and rinse."

Will consumers buy in?

No doubt, Loop is a well-designed system with a compelling offering and a powerhouse line-up of brands. But one key question remains: Will consumers buy in to reuse?

It's no small concern. Consumers — in Europe, North America, South America and Asia — repeatedly have foiled efforts by brands large and small to create products and delivery models that reduce waste, energy, water and other resources. In some cases, they believed that products were inferior or didn't perform well. In others, the higher price was a barrier, and still others lacked the convenience of their conventional version. In many cases, consumers couldn't be bothered to change their well-worn habits.

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Szaky and his corporate partners seem to have thought through many of these downfalls, but the Loop system hasn't yet been tested in real-world settings.

Clearly, Loop's big brand partners believe that their individual and combined efforts can break through. "It addresses a clearly growing expectation from people," says P&G's Helias. "When we ask people about what's important for them, packaging now becomes intrinsically important. And the frustration with other packaging is becoming very close to other factors that we are hearing about in our studies." Unilever's Blanchard agrees. "We think that about 25 percent of consumers today are looking to buy brands that have a more sustainable footprint or clearly have a purpose that resonates with them from a broad environmental sustainable purpose point of view. And then, there's probably another 50 percent of consumers who are then increasingly looking for brands to have that point of view or that sustainable footprint."

There's also comfort in numbers, he says. "We've looked at reuse in France. We're looking at a refill type of system in Vietnam. And we've not yet really cracked that business model. What Loop offered was the opportunity to be a part of a bigger consortium where consumers will get a much broader range of products. And therefore it gives them an opportunity to really do this with a bit more scale."

Helias believes the reuse model has other benefits beyond the environmental ones. "You obviously develop a very intimate relationship with the consumer. And you

build loyalty. It is all about enabling and inspiring responsible consumption, which is kind of our core agenda at P&G. And this addresses it beautifully. This is why we have so many brands excited about the idea."

P&G, Unilever and the other partners will be watching the forthcoming launch closely, trying to discern what works. "I think the most important metric will be the depth of repeat," said Blanchard. "Do consumers come back to using these products time and time again? We would typically look to find at minimum a 50 percent repeat rate, so that half of those consumers over a period of time come back to use the product at least once, if not two or three times."

And, of course, there are the environmental metrics. "It takes five Loop cycles of fill and reuse to be better from an environmental standpoint," said Helias. "We hope can go way beyond that but that's exactly why we are testing in market. It's to validate that assumption."

Tom Szaky, for his part, is already looking ahead. "The next category, when we're ready, we want to test things like baby clothing and baby toys. We think there's a really good opportunity for this in what we call disposable durables. That's going to be a key question for us: How far and wide can this go?"