Consumer Demand for Better Packaging Might Just Save the Planet

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Key insights:

When he founded TerraCycle in 2001, Tom Szaky was in the business of keeping tough-to-recycle products out of landfills. In 2019, he expanded that mandate with a service called Loop, which focuses on reusing packaging instead of merely recycling it. In partnership with several well-known brands, Loop offers household goods from olive oil to laundry detergent in reusable containers that are either delivered direct to consumers or available through two major retail outlets, then collects, cleans and refills them—much like a modern-day milkman.

When Szaky sought to better understand why people were purchasing items through Loop, he was surprised by the results. Survey data revealed that two-thirds of Loop customers were mainly drawn to the program because of its packaging design; only one-third prioritized the sustainability aspect. Since Loop is all about saving the planet by eliminating waste, Szaky had expected the inverse.

“A better experience with packaging is the primary driver,” Szaky told Adweek. “The secondary driver is sustainability.”

Earlier this week, during a presentation at the National Retail Federation’s annual conference in New York, Szaky stressed the importance of aesthetics in consumer decision-

making.

While people often buy shampoo twice as often as they buy conditioner, Loop shoppers purchase an equal amount of Pantene shampoo and conditioner, according to Szaky. Why? Although he didn’t disclose exact figures, internal polling revealed that people thought the bottles—which come in a matching gold-and-white color scheme, and feature images of sea life—looked good together.

But it’s not just about beauty. Szaky argued that tubs of Häagen-Dazs ice cream sold on Loop are simply better than the typical cardboard cartons found at grocery stores because they’re dual-layered, providing thermal insulation so that consumers’ hands remain warm while the ice cream stays frozen. The inside of the container is also concave, making the ice cream easier to scoop out.

Szaky added that even the product itself can benefit from better packaging. The team at Coca-Cola apparently told him Coke tastes best in a glass bottle, then aluminum, then plastic.

One key change that allows for better packaging design through the Loop system, as opposed to a convenience store or vending machine, is the transfer of package ownership from consumer to manufacturer, Szaky said. When a company is responsible for a durable container meant for multiple uses, it’s treated like an asset as opposed to the cost of goods sold. Since Loop requires a security deposit with each purchase, companies are given extra leeway to invest even more money into their packaging design, generating better functions and features.

“Can you imagine what you could do with a package budget of $30 per unit?” he said.

He noted that customers have shown little to no sensitivity to the deposit price, either. A can of Clorox disinfecting wipes, for instance, costs $5.49 to purchase, plus an additional $10

deposit. Despite this, Szaky said Clorox wipes are one of the top five best selling products on the site.

Last week, another Clorox brand, Glad, began selling sandwich bags on Loop for $4.99 with a $10 deposit. Once ordered, consumers receive 100 plastic bags in a square metal tin, along with a yellow zippered pouch to put the used bags in for recycling later.

According to Nick Higgins, Glad's marketing director, the package took six weeks to design, and consumer feedback throughout the process was positive.

"If you think about our traditional manufacturing system, it's been engineered to deliver products in a way that people use them and then it's their responsibility for how they ultimately want to dispose of them," Higgins said.

While it's still too early to tell how Glad's metal tin is performing on Loop, Higgins said the brand is excited to gain insights into how people might reuse its products.

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