Cutting the Crap:
How to Increase Resource Efficiency in the European Personal Care Retail Sector
Executive Summary

This report investigates the reported actions of personal care retailers to reduce resource impact of their products and implement the principles of circular economy. The report looks at ten large personal care retailers in Europe, examining their publicly available policies, strategies and measures to become more resource efficient. A recent study by the Wuppertal Institute showed that fast-moving consumer goods - products such as food and cosmetics, mostly sold by supermarkets and personal care retailers - can cut their resource footprint by 20 per cent across the whole product range. This report concludes that, in order to achieve this, personal care retailers need to step up their game and it gives practical recommendations to this end.

The responsible use of resources is one of the big challenges of our times. The amount of plastic packaging continues to grow across the EU and already today we use 1.5-times the resources that the Earth can regenerate in one year. When it comes to increasing resource efficiency and implementing a circular economy in the Fast Moving Consumer Goods (FMCG) sector, personal care retailers play an important role as intermediary between suppliers and consumers of daily products.

The 10 researched retailers in this report are Boots, Budnikowsky, DM, Douglas, Etos, Kruidvat, Müller, Rossmann, Sephora, and Superdrug. These companies all sell personal care products, including store brand products.

In depth research by Rank a Brand has shown that, the investigated personal care retailers do not take their responsibility to increase resource efficiency across their product assortments seriously enough. Rank a Brand executed a detailed study of companies’ communicated resource efficiency objectives, measures and progress for this paper, in addition to its standard ranking. In the results, Kruidvat scored best on resource efficiency questions, followed closely by Etos and Boots. Douglas took last place, scoring zero points on resource efficiency questions.

**Key Findings:**

- High-level targets and data on the resource impact of product assortments are missing: none of the retailers reported targeting a reduction in the overall resource impact of their product assortment and none of them reported measuring the resource impact of their product assortment.
- Additionally, retailers scored relatively low on specific resource questions covering topics ranging from paper packaging to carrier bags.
- None of the retailers reported an objective to move towards 100% recycled or certified paper packaging for store brand primary and secondary products by a defined deadline. However, Kruidvat, Boots, Rossmann and Superdrug reported having implemented some concrete measures.
- None of the retailers reported a time-bound objective to move towards 100% recycled paper in store brand hygiene products. Five retailers (Kruidvat, Etos, Boots, Rossmann and Superdrug) reported having implemented measures for the sustainable use of paper in store brand hygiene products.
- None of the retailers reported an objective with a specific deadline to reduce carrier bag waste, but eight retailers (DM, Budnikowsky, Kruidvat, Etos, Boots, Müller, Rossmann and Superdrug) reported measures to reduce carrier bag waste. None of the companies reported on the environmental impact of implementing such measures.
- None of the retailers reported a time-bound objective to minimise the environmental impact of store brand product packaging. All retailers except Douglas reported having implemented one or more measures to minimise the environmental impact of such packaging, but only Sephora reported an annual change in the size of its packaging material footprint.
- Only three retailers (Kruidvat, Etos and Boots) reported objectives to minimise own waste by reducing, reusing and recycling. Etos and Sephora reported generated own waste compared to the previous year, and only Sephora reports a reduction.

Besides investigating publicly available information from personal care retailers on resource efficiency, this report highlights a number of product groups sold by personal care retailers for which more sustainable alternatives already exist, such as concentrated detergent, compressed deodorant and recycled hygiene paper. The report ends with concrete recommendations for personal care retailers in order to reach improved resource efficiency of their product assortment: to drop least efficient products in favour of alternatives, to adopt concrete targets with deadlines for reducing resource impact of product assortments and to start measuring and communicating to consumers about the resource impact of products.

1. Introduction

Fast Moving Consumer Goods (FMCG) are the face of global overconsumption and resource waste: over-packaged, single-use and non-recyclable products are being consumed daily in large amounts, among them soft drinks, toiletries and food. Mountains of plastic fill the world’s oceans and non-recyclable waste accumulates in our landfills and incinerators. While politicians discuss ideas such as a circular economy and resource efficiency, trends on the ground travel in the exact opposite direction: towards more packaging and more resource-intensive products that very fast end up as waste.

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**List of Abbreviations**

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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>CEP</td>
<td>Circular Economy Package</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>DOH</td>
<td>Deutsche Umwelthilfe</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FMCG</td>
<td>Fast moving consumer goods</td>
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<tr>
<td>LED light</td>
<td>Light-Emitting Diode light source</td>
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<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
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<td>SMEs</td>
<td>Small and medium enterprises</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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Currently in the EU, each consumer produces an average of 475 kilograms of waste per capita per year (Eurostat, 2016). Germany has an even higher average of 618 kilograms of waste per person per year and is the packaging waste ‘champion’ of Europe with 201.4 kilograms of packaging waste per person per year (ibid.).

Many products that used to be unpackaged, such as fruits and vegetables but also cosmetics, are now wrapped in several layers of plastic and paper, claiming to increase ‘consumer convenience’ or ‘hygiene’. In Germany, for example, 63% of fruits and vegetables are now sold packaged, and the weight of packaging is increasing too (NABU, 2016). This trend is exemplary for other daily products and can be seen across Europe.

As a result of overconsumption and inefficient resource use, all the resources that the Earth can generate in one year are already used up by August. This is called the Earth Overshoot Day and happens earlier each year as global resource consumption continues to rise. If everyone lived like an average European or German citizen, we would need 2.6 Earths each year to replenish our resources and sustain our way of life (WWF, 2014). Of course, we only have one planet, and we are seeing the consequences of resource crises around the world in the form of food price volatility, environmental degradation and even war.

The total material consumption in Europe is 31 tons per capita per year – this corresponds to the weight of four elephants consumed by each person in the EU each year, or 85kg per day. If we want to reach a sustainable and equal level of global resource consumption, we need to cut this down drastically to 10 tons per capita by 2050. For the EU, resource use needs to be reduced by 21 tons per person, or by 68 per cent to reach this goal (Bringezu et al., 2014). This means making better and more durable items with the limited resources that we have, reusing them and recycling them back into the economy.

The benefits of resource efficiency and a circular economy

A resource-efficient and circular economy will bring benefits to the environment, but also to our economy and society. The European Commission has calculated that increasing resource productivity in the entire EU economy by 30 per cent by 2030 will lead to 2 million additional jobs, €600 billion net savings for EU businesses and a 2-4 per cent annual reduction of CO2 emissions (European Commission, 2014) (see also Infographic).

Another study estimates the expansion of the circular economy at a wider range of 1.2 to 3 million jobs by 2030. According to the lower estimate, Germany would create the most jobs (328,000), with the UK in second place (210,000) and Italy (154,000) coming in third. To date, more than 3.4 million Europeans are already employed in the circular economy (WRAP, 2015).

The FMCG sector needs to transform towards a circular and resource-efficient sector just as urgently as any other sector. This report looks into a specific sub-sector of the FMCG sector: personal care products ranging from toiletries to detergent. Ten large European retailers of such goods are ranked according to their currently publicly available data on strategies and measures to reduce the resource impact of their assortment.

2. Key Facts on the Personal Care Sector

Personal care product retail falls within the so-called Fast Moving Consumer Goods (FMCG) retail sector. FMCG are products that are sold and used quickly, i.e. within days or weeks, and at a relatively low cost. The value of the entire FMCG retail sector in the European Union is hard to accurately estimate but possibly exceeds 1.2 trillion Euros, with the ten largest retailers holding about 40 per cent of this market. The largest retail groups have supermarkets, hypermarkets and discounters chains.

The FMCG market is relatively resource-intensive. For example, in Germany, the biggest national economy in the EU, 37 per cent of all materials consumed by households take the form of consumer goods, whereas Germans spend only 17 per cent of their income on these goods. This shows the disproportionate material intensity of FMCG: they are too resource intensive and their economic lifetime is too short. In addition, the environmental consequences and resource intensity are not sufficiently reflected in the prices of these products.

Within the FMCG industry in Europe, retail cosmetics and personal care products had a significant value of about 72.5 billion in 2014 (Statista, 2015). The personal care and cosmetics sector consists of both large and small companies, with Small and Medium Enterprises (SMEs) estimated to make up 30 per cent of the market. The personal care and cosmetics product portfolio ranges from 20,000+ products for large companies to around 160 for smaller companies.

The sector is highly innovative in Research and Development (R&D) within the fast-moving consumer-focused goods market. Over 25,000 scientists and 514,000 students in life sciences are researching new areas of science, working with new ingredients and developing formulations. This leads to an impressive number of patents in the EU each year (Ecomomic and Social Committee, 2016). In 2005, there were for instance 2,599 new patents registered in the EU by the cosmetics sector alone (Global Insight, 2007). As a result, resource-efficient innovations are already available for a range of personal care products from compressed deodorant to concentrated detergent and are quickly developing for others, such as solid toothpaste and shampoo, and cleaning products without fossil fuel ingredients. The key intermediaries in this sector are retailers. They decide which products they sell and can select their product assortment based on a range of criteria including resource efficiency. This is called choice-editing. IKEA, for example, has done this with LED light bulbs: as of September 2015, IKEA no longer sells halogen and ‘energy-saving’ compact fluorescent bulbs and only sells LED lights. These kinds of policies can greatly influence whether innovations are scaled up in the market.

Retailers also have power over suppliers due to their high level of purchasing power. They also act as producers for their store brand products. Moreover, retailers have the ability to provide consumers with information on alternatives at the point of sale, by which they can influence consumer decision-making. As consumers purchase fast-moving consumer goods quickly and without in-depth reflection (Bio Intelligence Service, European Commission, 2012), it is important that information is clear and aggregated at the point of purchase, either displayed on the product itself or at the store. A survey conducted by the Wuppertal Institute together with other research institutes shows that the availability of reliable product-specific environmental information would be highly appreciated and would influence buying decisions by 87 per cent (Echternacht et al., n.d.). Moreover, there have been several initiatives to comprehens products of the same product, such as the ‘product passport’, but these initiatives have been stalled.

The report builds on findings provided by the Wuppertal Institute concerning the potential to cut resources in the FMCG sector and to move towards a circular economy. It recommends concrete steps for personal care retailers to take to reach this potential in practice.
4. Cutting the Crap: 20 Per Cent Fewer Resources is Possible Now

Notwithstanding the need for further innovation, a 20 per cent reduction in the resource impact of daily products is possible almost immediately – mostly by switching to existing, more resource-efficient alternatives according to a recent study by the Wuppertal Institute (Wilts et al., 2016). They are a number of ways of reaching this savings potential, all of them related to the different steps in the waste hierarchy. The waste hierarchy ranks different options for dealing with waste. It starts with waste prevention or material use reduction from the top and is followed by reuse, recycling, other recovery (e.g. burning waste to get energy) and lastly, disposal.

Five ways to reduce resource use in the personal care retail sector

1. Reduce materials through product innovation

A first and obvious approach is to reduce the resource requirements of the product while keeping or even improving product functionality. This requires product innovation. Examples are the compression of deodorants and the concentration of detergents. Such solutions can be considered as a first and often rather incremental approach to producing more resource-efficient products. Resource savings are in the range of 10-15 per cent for such product innovations (Wilts et al., 2016, p. 37).

2. Reduce or eliminate packaging

Packaging saving potentials vary according to the product group, but if the entire FMCG industry were to shift to "best in class" solutions, packaging could be reduced by up to 80 per cent (Wilts et al., 2016, p. 38).

3. Extending the lifetime of a product by reuse and repair

Extending product lifetime leads to resource and waste savings because fewer new products are needed. In the FMCG industry, reuse is limited mainly to packaging, and a known example is reusable beverage bottles. Retailers can offer consumers options that increase reuse, such as refilling detergent, shampoo and cereal containers. This also creates new business model opportunities (see point 5). The benefits of reuse are relatively under-researched compared to the benefits of recycling, for example. They are clearly product and context-specific but nevertheless significant (Wilts et al, 2016, p. 42). In the case of reusable bottles, for example, up to 70 per cent of input materials can be saved (Stiftung Warentest, 2011).

4. Using more recycled materials

Increasing the use of recycled materials reduces the need to extract new materials from the Earth. Moreover, recycling normally requires less energy than resource extraction. The resource savings from using recycled materials differ depending on the type of material. Savings are especially high for metal. On average, the overall resource saving potential for FMCG related to increasing recycled materials can be estimated in the range of 20-50 per cent (Wilts et al., 2016, p. 39).

5. Adopting new, more sustainable business models

New business models that build upon circularity and reuse, such as the ‘product as a service’ model, are becoming increasingly popular. This means that the supplier retains ownership of the product and the customer only leases the service. This stimulates design geared at optimal reuse and recycling. Retailers will play an important role in the circular business model as both a facilitator and a service provider. On average, resource savings are estimated in the range of 20-50 per cent in consumer goods (Wilts et al., 2016, p.44).

For personal care retailers, the possibility to reduce the resource impact of an assortment could start, for instance, with the following product groups, all of which were investigated in the Wuppertal Institute study:

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The NGO Rank a Brand 13 conducted research that investigated reporting by personal care retailers on climate, environmental and social objectives and measures. The results showed that ten large personal care retailers in Europe are lagging behind on the overall ranking compared to other closely related sectors such as supermarkets and cosmetics brands. These two sectors have already scored better on a range of aspects including climate footprints, avoidance of hazardous chemicals and non-renewable raw materials, and labour conditions in supply chains. On a scale of A to E, with A being the best, the highest-ranked personal care retailers were German DM, Dutch Etos and Kruidvat with a mediocre D-score of 10 out of 36 points. The lowest-ranked retailer was the UK-based company Superdrug with an E-score of only 3 out of 36 points.

In comparison to other sectors, relatively few personal care retailers have structured Corporate Social Responsibility (CSR) reports – most of them report only some sustainability information on their website. In fact, none of the retailers studied had their own CSR report over the year 2014/2015, although Kruidvat, Superdrug, Sephora, Etos and Boots were covered and mentioned as part of their respective group’s CSR report (their corporate holding groups are Ahold, LVMH, A.S. Watson and Walgreen Boots Alliance respectively). However, the information listed in the group reports is often generalised and data for the individual company is not easily extractable, which makes comparison between companies difficult.

The ranking was based on publicly available data and contained a number of questions on resource efficiency, and in addition to this, Rank a Brand investigated resource efficiency questions in detail. From the results of this investigation, it becomes clear that the topic of resource efficiency and circularity in product assortments has not been taken seriously. Retailers are mostly not reporting adequate measures to improve resource efficiency of the products they sell. Detailed study of resource efficiency objectives, measures and reporting showed that Kruidvat 14 scored best on resource questions, followed closely by Etos 15 and Boots 16. Douglas took last place with a score of zero points on resource efficiency questions.

The ten large personal care retail chains in Europe that were investigated:

- None of the retailers reported a target to reduce the overall resource impact of their product assortment and none reported measuring its resource impact.
- None of the retailers reported an objective to move towards 100% recycled or certified paper packaging for store brand primary and secondary product packaging by a defined deadline. Only four of the retailers (Kruidvat 15, Boots 16, Rossmann and Superdrug) reported measures regarding the use of recycled or certified primary and secondary paper packaging for store brand products, but none of them reported annual results of the measures implemented.
- None of the retailers reported a time-bound objective to move towards 100% recycled paper for store brand hygiene products but three retailers (Kruidvat 15, Etos 16, and Boots 17) have a time-bound target for 100% certified or recycled paper for such products though. Five retailers (Boots 16, Etos 16, Kruidvat 15, Rossmann and Superdrug) reported measures implemented to use paper in store brand hygiene products sustainably.
- Eight of the ten retailers (DM, Boots 16, Budnikowsky, Etos 16, Kruidvat 15, Müller, Rossmann, and Superdrug) reported measures to reduce carrier bag waste. None of the companies reported on the environmental impact of implementing such measures. Boots 16 was the only retailer to report measures taken concerning shipping packaging used for home delivery.
- None of the retailers reported a time-bound objective to minimise the environmental impact of store brand product packaging. All retailers except for Douglas reported that they took measures to minimise environmental impact of store brand product packaging. Sephora 17 reported annually on the change in their packaging material footprint, even though the impact increased by 17.9 per cent in 2015 compared to 2014.
- Three retailers (Kruidvat 15, Etos 16 and Boots 17) reported objectives to minimise own waste by reducing, re-using and recycling. From these three retailers, only Kruidvat 15, Etos 16 and Boots 17 have already on own waste generated and reduced compared to the previous year. Sephora also reports on its annual waste generation and has even decreased its waste generation, but it does not have a reduction objective. Six retailers (Budnikowsky, Kruidvat 15, and Kruidvat 15) reported measures to reduce annual waste generation by a defined deadline. Only four retailers (Kruidvat 15, Boots 17, Sephora 16 and Superdrug) reported measures taken concerning recycling. From these four retailers, Sephora 16, Boots 17, Kruidvat 15, Kruidvat 15 and Superdrug 18 reported measures implemented to use paper in store brand hygiene products sustainably.

It is clear that none of the companies investigated takes a strategic approach towards resource efficiency, as both high-level goals for resource reduction and information on the total resource impact of retailers’ assortment are lacking from their reporting. 18. As subsidiary of retail group LVMH 19. Although the initiative to use certified paper is beneficial to the fight against illegal deforestation it is not focusing on reducing paper use. 20. See Beat the Microbead campaign http://www.beatthemicrobead.org/
<table>
<thead>
<tr>
<th>BRAND</th>
<th>GENERAL RANKING</th>
<th>SCORE ON IN-DEPTH RESOURCE EFFICIENCY QUESTIONS</th>
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<td>10%</td>
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<td>BUDNI</td>
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<td>Etos</td>
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<td>+Kruidvat+</td>
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<td>38%</td>
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<td>Boot</td>
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<td>Müller M</td>
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<td>Douglas</td>
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<td>ROSSMANN</td>
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<td>19%</td>
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<td>SEPHORA</td>
<td>E</td>
<td>24%</td>
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<tr>
<td>Superdrug</td>
<td>E</td>
<td>29%</td>
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- (*) refers to 100% objective
- ** refers to reduction of footprint
- ^ refers to UK operations only
- - refers only to certified paper, not recycled paper
- * brand owner (group) level

Does the brand (company) have clear objectives to minimize the environmental impact of its store brands product packaging, by reducing, re-using and recycling, and does the brand annually report on these results?

Does the brand (company) have clear objectives to minimize the environmental impact of its shipping packaging and carrier bags, by reducing, re-using, recycling and responsible sourcing of packaging materials, and does the brand annually report on these results?

Does the brand (company) have clear objectives to reduce the overall resource/material use embedded in the products it sells?

Does the brand have a policy to eliminate the use of harmful chemicals in the products it sells and does it annually report on the results?
6. Concrete Recommendations for Personal Care Retailers

Personal care retailers are urged to take more actions to shoulder their responsibility in sustainable resource consumption, which fits within the Earth’s limits. The report “Cutting the Crap” shows that saving resources via efficient products and packaging is possible and beneficial. The report is based on the results from the Wuppertal Institute study, which shows that switching to resource-efficient product and packaging can lead to a 20 per cent reduction in resource use. Personal care retailers are urged to implement the following readily available measures:

1. Immediately stop selling resource-inefficient products for which better alternatives exist.

Personal care retailers reduce the resource intensity of the products they sell, even if they do not manufacture them directly. The five concrete examples in Chapter 4 show that there are a range of resource-efficient products on the market already. Retailers can switch directly to selling better alternatives exclusively: recycled toilet paper, concentrated deodorants, concentrated detergent and drinks in reusable bottles. This would also include banning any superfluous packaging, such as an additional layer of packaging on an already-packaged product (e.g. a pot of facial cream wrapped in a cardboard box).

This does not lead to fewer consumer choices. Even without superfluous packaging, such as an additional layer of packaging on an already-packaged product (e.g. a pot of facial cream wrapped in a cardboard box).

2. Ensure long-term targets and policies to reduce the resource impacts of the products they sell.

Retailers should adopt a resource efficiency target to reduce the total material resource consumption of their businesses taking concrete measures. As a minimum, such measures should include the elimination of inefficient products and the provision of information on resource use of the products in the assortment. Moreover, they should include supply chain analysis, the identification of hot spots of resource intensity and efforts to address causes of resource intensity for each product group. A 20 per cent material resource efficiency target is realistic, as product case studies and research conducted by the Wuppertal Institute shows. Such a target should have a concrete deadline, be binding and include commitments to reduce food waste, packaging and materials in products. The target should also include transparent indicators and regular reporting on progress.

3. Demand information from suppliers on the resource impact of products (including recycling) and pass this information on to consumers.

In order to build a data and knowledge on resource impact of products, personal care retailers should demand and measure information from their suppliers which how and many resources are being used to market the products they purchase, and to provide a life-cycle assessment of the products if possible. Retailers should make information on the resource impact of products available and transparent. They should inform consumers about the resource impact of different product alternatives at the point of sale.

With this information, supermarkets can decide more easily which products they want to sell. (to implement point 1) and consumers can decide more easily which products they want to buy.

References


Ecoap/about-eco-innovation/good-practices/euphoria/pdf


WRAP (2016b) Courtauld Commitment 3 http://www.wrap.org. uk/node/14621


Circular Economy Package: Policy recommendations by the Deutsche Umwelthilfe

Immediate action by companies is necessary to curb the resource use and stay within the limited amount of resources available. The overall policy framework for resource efficiency and the circular economy needs drastic action at the EU and national levels. In view of the Circular Economy Package that is being discussed in Brussels (see page 6 for more information), the following 5 demands of the Deutsche Umwelthilfe would support a market shift towards resource efficiency and circularity in the personal sector:

1. Set a clear target to reduce resource consumption. One possibility would be to reduce the total resource consumption by 30 per cent until 2030, compared to 2014.

2. Extend Ecodesign to products and packaging with regard to material efficiency, reusability, reparability, recyclability and detoxification.

3. Set mandatory waste prevention targets. Residual waste should be limited to maximum 130 kilogram and packaging waste to 90 kilogram per consumer.

4. Promote reuse through separate reuse targets for textiles, electronics, bulky waste, sales packaging, transport packaging and beverage packaging. For sales packaging, transport packaging and beverage packaging, the targets to increase the share of reused packaging put on market have to be 10 per cent increased by 2025 and another 20 per cent by 2030 compared to the 2018 levels.

5. Improve recycling quality by promoting products and packaging with good recyclability and high proportions of recycled content, and by making resource-intensive products and packaging more expensive.

Source: DUH et al. (2016)