

Will Recycled Cardboard Be The Next Big Thing In Eco Home Care?

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The US's Seventh Generation, a front-runner in eco-friendly home care, plans to package liquid laundry detergent in a bottle made from recycled cardboard and newspaper.

How influential has this niche player been in driving the eco agenda of home care? And can cardboard add kudos to the packaging mix of mainstream liquid detergents? Euromonitor International investigates.

When niche drives the mainstream

Demand for Seventh Generation's products, which range from tissues and tampons to bathroom cleaners and laundry detergents, has remained niche due largely to their premium positioning. Indeed, it is the bane of green consumption culture that eco-friendly products typically command a significantly higher retail price than their mainstream competitors.

It immediately straitjackets their growth potential. However, the presence of Seventh Generation in the marketplace has applied pressure on mainstream companies to build a strategy for their own green initiatives.

One could argue that California-based Method Home Products, which was founded in 2001, might never have been viable had Seventh Generation not paved the way. Method Home Products similarly offered ecological, premium home care and, in so doing, raised the bar higher on the home care market's green commitment.

It yielded an attractive investment upside too, with the company turning US\$300,000 start-up capital into profits of around US\$45 million in less than five years. By that stage, it was only a matter of time before bigger players sought a piece of the eco action.

Clorox, for example, launched its Green Works portfolio in 2008, while Church & Dwight, with Arm & Hammer, and SC Johnson, with Nature's Source, also introduced umbrella eco-brands.

Today, issues of sustainability, social responsibility and environmental integrity are key components of the operational landscape. Consumer goods companies are now regularly announcing new ethically driven initiatives, ranging from investment in the ecological strength of the supply chain to innovation in biodegradable ingredients to social projects in developing countries.

This is not all traced back to Seventh Generation; yet its role as one of the forerunners of the green movement in household products should not be underestimated.

Green but compromise free

The latest innovation to come out of the Seventh Generation stable is a bottle made from 100% recycled cardboard and paper. Inside is a plastic pouch that holds concentrated liquid detergent.

The bottle requires a plastic cap, but overall is reckoned to use around two-thirds less plastic than a standard liquid laundry detergent bottle. Even the plastic bag is recyclable in certain US states.

The new packaging might turn out to be no more than a niche eco-gambit from a company with a niche but loyal consumer base. Or, it could be the catalyst to a new generation of cardboard packaging for liquid home care products.

It would be unwise to rule out the latter. For one thing, it is worth considering the packaging crisis seen in bottled water in the US in 2008 when the category became the target of widespread environmental campaigning over its use of throwaway plastic (PET) bottles.

As a result, consumption of still bottled water contracted for the first time in over a decade. A consumer rejection of plastic bottled water was also visible in much of Western Europe. The green integrity of US consumers is, of course, prone to fickleness and that makes forecasts about the potential success of eco innovation hard to make.

For example, demand for recycled toilet paper is low, fundamentally because consumers perceive too much compromise on comfort. As such, around 98% of toilet paper sold in the US derives from virgin wood.

What seems clear is that the environmental commitment of US consumers is strongest when there is no significant downside in terms of convenience, comfort and quality expectations.

A recycled cardboard bottle is likely to look rather odd as a packaging format for liquid laundry detergent, but it should not impact negatively on the efficacy of the product inside. That is a good starting point for the future success of the

innovation.

As such, from a consumer perspective, it has genuine potential to emerge as a pain-free 'green' purchasing choice. And that would maximise its impact, to the extent that there could be a radical shake up of the packaging mix among mainstream players over the medium term.

Crucially, there are also major multinational cardboard packaging companies who might welcome a lucrative foray into home care.

Analyst Insight by Rob Walker.

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