June 2023

READY TO PREFILL?

Market innovation to unlock growth in the reuse market

Disrupting the single-use packaging paradigm with a returnable, refillable and reusable system. To make this vision viable and accessible at scale, consumer research has been undertaken to explore how the prefill solution can become the winning choice for people and planet. This research is funded by UK Research & Innovation's The Smart Sustainable Plastic Packaging Challenge

Credit: Unilever

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Acknowledgements

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1 EXECUTIVE SUMMARY

There is a significant opportunity for refillable, reusable and returnable packaging and consumer demand is there. In fact, despite consumer reluctance often being blamed for a lack of investment in circular systems, consumers are voicing their frustrations at the lack of provisions in place. So far, efforts have largely focused on recycling and reducing single-use packaging, rather than rethinking how to keep packaging circulating in the system. Significant structural barriers, such as ensuring the commercial viability of the model, the need for brands and retailers to collaborate on packaging standardisation and the development of industrial standards for cleaning reusable packaging, need to be overcome to make packaging reuse possible.

This report brings together insights from behaviour-change consultants and campaigners, City to Sea, supply chain specialists Re (by Beauty Kitchen), and some of the biggest retail and grocery brands in the UK, along with insights from a first-of-its-kind, nationally representative consumer research project. The work has been part-funded by UK Research and Innovation's (UKRI) Smart Sustainable Plastic Packaging initiative, which helps consumers transition to reuse, and brands and retailers meet packaging reduction targets.

Products in prefilled returnable packaging are a relatively new alternative to the current 'self-refill' or 'refill-in-store' model, which has so far been met with limited success for retailers. Investing in prefills has the potential to change the game when it comes to reducing plastic packaging for retailers and combating plastic pollution, which is a key target of The UK Plastics Pact, a cross-industry initiative to reduce plastic waste.[1]

Having reviewed the existing research prior to commissioning our own, it was clear that several pieces of the reuse puzzle were missing. We know that there is a gap between consumer perceptions and actual behaviours, and a need to balance factors like convenience, cost and product availability. Furthermore, the growing variety of refill and reuse options at home, on the go, and within the retail environment have created confusion around how each is described by consumers and industry alike.

We designed the research outlined in this report to explore existing consumer perceptions, barriers, and motivations so we could gain insights and share recommendations for how brands and retailers can maximise the potential prefilled returnable packaging offers. We wanted to identify which consumers are most likely to change their behaviour, and how brands and retailers can make it easier for them to trial products in prefilled returnable packaging for the first time, as well as increasing packaging return rates and embedding new shopping habits.

Our results revealed high consumer demand for prefill reuse packaging when it's available in the right location, at the right price and the barriers to adoption are removed. Purchasing products in prefilled returnable packaging is closer to the traditional shopping experience and feels more familiar to consumers. Crucially, supplying products in prefilled returnable packaging mitigates many of the issues consumers have with refill-in-store models, especially in terms of ease, convenience and hygiene concerns.

Three factors are crucial to turning intention into reality:

- A convenient and frictionless user experience
- Price parity with existing options
- Receptive demographics: combined, the three main groups of consumers who are ready to adopt reuse more extensively make up more than three quarters of the population

We hope this report will prove instrumental in helping to replace single-use products on retail shelves and making prefill reuse packaging the modus operandi for the future.

Jane Martin & Stuart Chidley

1 wrap.org.uk/taking-action/plastic-packaging/initiatives/the-uk-plastics-pact

2 REUSE IN RETAIL

Credit: Unilever

While the reuse market is growing, it remains small. Pilots have been unambitious and uptake limited, despite evidence of growing consumer demand, and significant investment from retailers, brands and other stakeholders. Four in ten businesses that have signed up to the EMF global commitment have reuse pilots in place, and an additional 56% have pilots planned between now and 2025. However, refillable and returnable products still only account for 1.2% of the UK market in 2022[2]. The majority have also focused on refill-in-store models, where the consumer brings their own container to be refilled with a desired product (e.g. at an in-store dispenser), uses the product, cleans the container themselves and, ideally, uses it again.

UK Extended Producer Responsibility legislation is moving from fixed fees to variable fees per type of packaging, increasing incentives for brands and retailers to drive return rates. This not only requires the process to be as simple as possible, but also to be accompanied by appropriate incentives and behaviour change intervention. Zero Waste Europe suggests that successful packaging return schemes should target a 90% return rate current return rates on pilots are around 60%, so there's still a lot of work to do to make this happen.[3]

Tesco's trial with Loop remains the largest UK pilot of products in prefilled returnable packaging. Low uptake meant Tesco ended the partnership, identifying the need for work "to encourage a cultural and behavioural shift from customers". Tesco also found that the cost of cleaning and refilling packaging exceeded the product cost for some items in the trial.[4]

Ongoing concerns about the commercial viability of reuse mean few brands have set meaningful targets or timescales to roll pilots out more widely. This will only be solved through innovation, cross-industry collaboration and increased efficiency to unlock economies of scale. Re has set out to address these issues with a vision for a cross category, professionally refillable, reusable packaging platform that is consumer centric and centers around smart standardised returnable packaging as a service to reduce the cost and risk barriers for stakeholders.

2 https://ellenmacarthurfoundation.org/the-fourth-global-commitment-progress-report-22

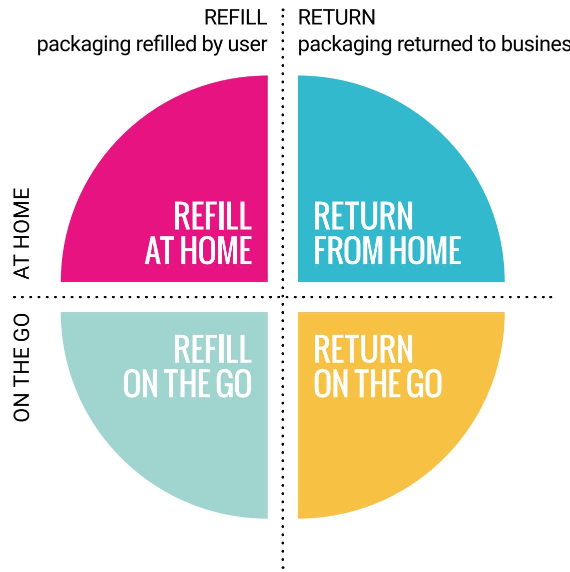
3 Zero Waste Europe, June 2022, Packaging Reuse vs. Packaging Prevention: Understanding which policy measures best apply, available at: https://zerowasteeurope.eu/library/packaging-reuse-vs-packaging-prevention/

4 Tesco, 2022, Use. Reuse. Repeat. Sharing learnings on reusable packaging, available at: https://www.tescoplc.com/media/759307/tesco-reuse-report.pdf

REUSE SYSTEMS

The Ellen MacArthur Foundation (EMF) identifies four reusable packaging systems, which can be broadly divided into two types: refill and return.[5]

Figure 1: The Ellen MacArthur Foundation's model of reuse.



1. **Return:** The packaging is owned and cleaned by a business (or businesses). Consumers effectively borrow the packaging and return it after use to be cleaned, refilled and redistributed.

2. **Refill:** The consumer owns the container after the first purchase and refills it from a refill or auxiliary product (at home) or at an in-store refill station to be (on the go).

5 https://ellenmacarthurfoundation.org/reuse-rethinking-packaging

Credit: Tesco

PREFILLED RETURNABLE PACKAGING

The focus of this report – prefilled returnable packaging – falls under the 'return-on-the-go' reuse category. Prefilled returnable packaging overcomes many of the problems consumers experience with in-store refill. It's sealed, guaranteeing hygiene and freshness, is just as easy to pick up in store or order for home delivery, and avoids the mess and spills associated with refilling yourself.

We know there are barriers in supply chains and across industry. But for consumers, shopping for products in prefilled returnable packaging is as easy and convenient as buying products in disposable packaging, as long as they can embrace the need to return the packaging after use.

90% PACKAGING RETURN RATE SHOULD BE THE TARGET FOR SUCCESSFUL RETURN SCHEMES[3]

Credit: M&S

3 RESEARCH OVERVIEW

Much of the existing research on reusable packaging systems has focused on refills, revealing a number of barriers such as convenience, product availability and hygiene. Products in prefilled returnable packaging are relatively new, so it is important to understand consumer attitudes towards, and demand for, them. To the best of our knowledge, this is the first large scale piece of research conducted on scaling the market for products in prefilled returnable packaging.

RESEARCH AIMS

Specific aims for our research included:

- Understanding consumer perceptions of prefilled returnable packaging
- Identifying barriers and enablers to encourage consumers to trial prefilled products for the first time and then buy them habitually
- Understanding how to encourage consumers to bring the returnable packaging back after use
- Identifying the most popular prefilled products
- Exploring how perceptions of products in prefilled returnable packaging differ from those related to refill
- Identifying how prefilled products address the barriers associated with refill
- Making recommendations on how to encourage consumers to trial prefilled products for the first time and the buy them habitually

69 % OF RESPONDENTS INDICATED THEY ARE LIKELY OR VERY LIKELY TO TRY PRODUCTS IN RETURNABLE PACKAGING IF THEY ARE AVAILABLE WHERE THEY SHOP

6 https://implementationscience.biomedcentral.com/articles/10.1186/1748-5908-6-42

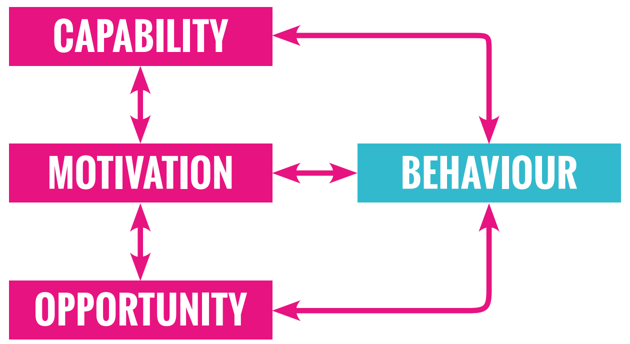
PROJECT METHODOLOGY

Data was collected via a survey comprising both quantitative and qualitative questions. The survey of 2,023 participants was designed using the COM-B model of behaviour change, with questions focused on each of the three interrelated elements which support behaviour change: capability, opportunity and motivation.

The model suggests that to be able to behave in a certain way, an individual must be motivated to act (M), have the requisite knowledge and physical ability (C), and the opportunity to take action (O). Opportunity covers both the practical environment – to adopt reuse, shoppers need to be able to buy products in prefilled returnable packaging – and the social aspects supporting them to take action, e.g. reuse is acceptable and encouraged.

Each of the three elements can be either reflective or automatic. For example, an individual can consciously make plans to do something (reflective motivation) or act out of habit (automatic motivation).

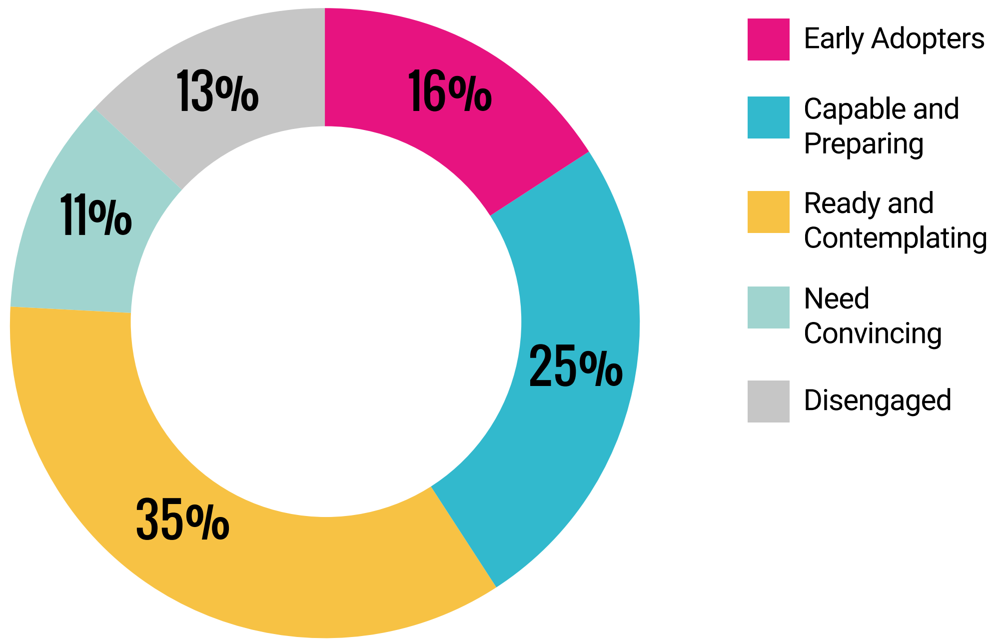
Figure 2:The COM-B Model[6]



4 GETTING TO KNOW THE CONSUMER

Before we can encourage consumers to embrace prefilled returnable packaging, we need to know more about them. Our research revealed five key consumer groups and how likely each of them is to use prefills, provided a deeper understanding of their needs and motivations, and helped determine how to target them.

Figure 3: Five key demographics shown in analysis



EARLY ADOPTERS

16% of respondents are Early Adopters. They have already embraced reuse as much as possible and have the highest levels of motivation, knowledge and experience of prefilled returnable products as assessed against the COM-B model.

75% have previously used a refill station and 72% have used a product in prefilled returnable packaging. They're keen to try products in prefilled returnable packaging, with 80% very likely and 20% likely to buy if these products were available where they already shop – even at a higher cost. Eight in ten are willing to pay a deposit for their first purchase. But, 41% indicate that the lack of availability of their favourite brands in returnable packaging is an issue.

CAPABLE AND PREPARING

Those in the Capable and Preparing group (25% of respondents) have many of the same characteristics as Early Adopters, but have not used refill stores or supermarket refill aisles as often, scoring less highly on the COM-B model.

47% of this group have used a refill station, whereas 25% have bought a product in prefilled returnable packaging. The majority (70%) want try products in prefilled returnable packaging, but are less enthusiastic than Early Adopters: only 6% stated they're very likely to try prefilled returnable packaging in the future. This demographic is also less financially committed than Early Adopters; 46% would be willing to pay a deposit for their first purchase, but only 39% would be willing to pay more for products in prefilled returnable packaging.

Streamlining the purchasing process and making returns easy will be key for this audience.

Credit: Unilever

READY & CONTEMPLATING

This is the biggest group, making up over a third (35%) of the research sample. They're environmentally conscious and enthusiastic about the idea of prefilled returnable packaging; 94% would be willing to try it. Tending to shop in traditional stores rather than online, they have had very little experience of either refill models or prefilled returnable packaging; just 13% had used a refill station and only 3% had bought a product in prefilled returnable packaging. On the COM-B model, they had high levels of motivation, but relatively low levels of capability and opportunity.

As savvy shoppers, they want to be sure they're getting value for money. Discounts and incentives coupled with a clear explanation of how any return scheme works will encourage them to trial prefilled returnable packaging products. Just over half (55%) would be willing to pay a deposit for their first purchase, but only 14% would be willing to pay more for products in prefilled returnable packaging.

NEED CONVINCING

People in this group (11% of respondents) are ambivalent about reuse. Just 2% have tried products in prefilled returnable packaging, while only 18% would look to try them in future. Only 12% of this sample have used a refill station.

This group tended to provide 'neutral' answers to questions designed to assess capability, motivation and opportunity on the COM-B model, indicating that they might not have previously considered their packaging choices. They're concerned with cost. Only 15% would be willing to pay a deposit for packaging and only 8% would be willing to pay more for products in prefilled returnable packaging.

DISENGAGED

Comprising 13% of the research sample, this group is totally disengaged. 7% have used a refill station and only 1% currently use products in prefilled returnable packaging. They're unlikely to adopt the target behaviour any time soon, with 99% indicating they were neutral or unlikely to try prefilled returnable packaging if it was available where they shop. As a result, they had low scores on all aspects of the COM-B model.

This group is the most budget conscious, with 90% unwilling to pay more for products in prefilled returnable packaging and only 14% willing to pay a deposit for their first purchase.

	16% EARLY ADOPTERS	25% CAPABLE & PREPARING	35% READY & CONTEMPLATING
DEMOGRAPHICS	› Under 35 years old, slightly more likely to identify as male, more likely to live in a town › Have adopted hybrid working and are more affluent	› Under 45 years old, more likely to identify as male, live in towns and from diverse ethnic backgrounds › Have adopted hybrid working and are average earners	› Typically aged over 55, and slightly more likely to identify as female › More likely to live in suburban or rural areas, work in an office or be retired
BELIEFS	› 85% say reducing waste is quite or very important to them › Tend to be politically left leaning and expect government and big business to play their part in reducing plastic waste too	› 75% say reducing waste is quite or very important to them › Tend to be politically left leaning and expect government and big business to take the lead on plastic reduction	› 85% say reducing waste is quite or very important to them › Politically, tend to be slightly left of centre, are keen to understand and follow the rules, and feel everyone has to play a part to reduce plastic waste
SHOPPING PATTERNS	› Generally organised shoppers who like a list and bring a bag, but may view themselves as more spontaneous › Shop online at least weekly	› Less organised shoppers who may forget to bring a bag, and buy on impulse › Shop online every 1-2 weeks	› Semi-organised shopper › Rarely shops online
PREVIOUS EXPERIENCE OF REUSE	› 75% have previously used a refill store or supermarket refill aisle › Actively use refill where possible and have a good understanding of different schemes and what's available › Very satisfied with the refill experience › Can pay a premium for products in reusable packaging	› 47% have previously used a refill store or supermarket refill aisle › Aware of where they could buy products in prefilled returnable packaging › Moderately satisfied with the refill experience (but see room for improvement)	› 13% have previously used a refill store or supermarket refill aisle › Adopted some reuse behaviours, like carry a reusable water bottle, but unlikely to know where they can buy products in prefilled returnable packaging › Have had mixed experiences with refill when able to trial it › Don't want to pay more for products in prefilled returnable packaging
WHAT THEY DON'T LIKE ABOUT REUSE	› It takes too much time and effort	› It can be messy › Worries about a lack of hygiene	› It can be messy › Lack of refill options locally › Products are unavailable or out of stock
LIKELIHOOD TO TRIAL PREFILLED RETURNABLE PACKAGING	› 20% are likely, and 80% are very likely to trial returnable packaging › 88% are more likely to buy from a brand that uses prefilled returnable packaging	› 64% are likely, and 6% are very likely, to trial returnable packaging › 56% are more likely to buy from a brand that uses prefilled returnable packaging	› 53% are likely, and 41% are very likely, to trial returnable packaging › 62% are more likely to buy from a brand that uses prefilled returnable packaging

	16% EARLY ADOPTERS	25% CAPABLE & PREPARING	35% READY & CONTEMPLATING
HOW RETURNS SOLVE THEIR PROBLEM	› Products are immediately available to pick up and take away	› No need to refill containers in store, so less potential for mess and need to bring containers to refill › Products are prefilled, guaranteeing hygiene and freshness › Return from home schemes will collect the returnable packaging from home, reducing the need to remember to return it	› No need to refill containers in store, reducing the potential for mess › Products can be stocked in shops that they already use; there's no need to drive to a dedicated refill store
MOTIVES FOR TRIALLING PREFILLED RETURNABLE PACKAGING	› Opportunity to reduce waste › Being an early adopter (although novelty is not an enduring motivator) › Broad range of incentives including reward card points and money back, but discounts most attractive › Opportunity to buy products with good sustainability credentials	› Opportunity to reduce waste › Convenience › Reward points for their current loyalty scheme › Availability of products in attractive, well-designed returnable packaging	› Value for money › Opportunity to reduce waste › Knowledge that they're making a difference and helping the environment › Discounts or reward points for their current loyalty scheme › Fines (like the plastic bag fee)
BARRIERS TO TRIALLING PREFILLED RETURNABLE PACKAGING	› Lack of availability of favourite brands	› Lack of availability of favourite brands › Lack of knowledge about how return schemes work	› Not available where they currently shop › Lack of knowledge about how return schemes work
ATTITUDES TO RETURN	› Keen to bring back returnable packaging and happy to go out of their way to find a return point	› Highly likely to forget to bring back returnable packing without reminders › Would be happy to go out of their way to find a return point	› Very keen to return packaging if they can return it to where they shop
WHAT WILL ENCOURAGE THEM TO BRING BACK RETURNABLE PACKAGING	› Email reminder › An app providing alerts and reminders	› Email reminder	› Loyalty scheme that offers discounts or free products after multiple purchases, e.g. every fifth purchase › Return box or bag that can be used to store empty returnable packaging › An app providing information on where to return packaging

Credit: M&S

47%

WOULD BE WILLING TO PAY MORE FOR PRODUCTS IN PRE-FILLED RETURNABLE PACKAGING

5 TEN KEY INSIGHTS

Scaling reuse is essential to reducing single-use plastics and cutting waste. There's no short cut to achieving this, but we analysed our research to create ten key insights that can underpin growth.

Consumers demand is high: Intention to buy is there – 69% of respondents indicated they are likely or very likely to try products in returnable packaging if they are available where they shop, but lack of availability is preventing trial.

Prefills remove many of the barriers experienced with refill: Prefilled packaging feels more familiar to consumers than refilling their own containers. Buying products in prefilled returnable packaging is easier, more convenient and helps ease concerns about hygiene.

Lack of availability is the biggest barrier: Almost half of consumers say lack of local availability is the key reason why they haven't yet bought products in returnable packaging.

Prefilled returnable packaging presents a significant opportunity for brands: Consumers want to be able to buy their favourite brands in returnable packaging. 53% said they were more likely to buy from a brand that used prefilled returnable packaging.

Target key consumer segments: Three segments offer the greatest potential to grow reuse: Early Adopters (16%), Capable & Preparing (25%) and Ready & Contemplating (35%). Together, these groups represent more than three-quarters of the population.

Convenience is key: Making the user experience as convenient as possible is fundamental to building new habits. Return processes need to be seamlessly integrated into the existing retail experience and placed at convenient locations.

Price parity: People are unwilling to compromise on price. For many, value for money is the most important criteria influencing product choice. Consumers are worried about how returnable packaging compares with the cost of single-use packaging.

Incentives can help drive trial and return behaviours: Rewards & deposit return are attractive and numerous need to be tested. Half of consumers said a discount would encourage them to make an initial purchase and to return packaging after use, and supermarket reward points proved a popular alternative. Deposits were widely accepted but the price point needs to be kept low (less than £2 per item).

Return prompts are needed: Consumers were open to apps, emails and in-home reminders to encourage them to return packaging.

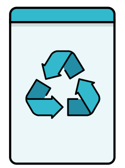
Reducing waste and protecting the environment are key motivators: Respondents are keen to adopt reuse to reduce waste, limit use of single-use plastics and decrease their carbon footprint. They also perceive products supplied in prefilled returnable packaging to be better for the environment. However, on their own, these motivations are not enough to encourage more people to embrace reuse.

6 BUYING BEHAVIOURS

Consumers want solutions that are easy, affordable and fit with how they currently shop. Despite low levels of adoption to date, the majority want to be able to buy products in returnable packaging. Almost 70% said that they would be likely or very likely to buy if such products were made available where they shop. However, they're also looking for schemes that offer them the flexibility to return packaging to convenient locations, both in store and online and across multiple retailers.

Six factors shape where and how consumers shop, and how likely they are to trial products in prefilled returnable packaging.

Product choice: The main factors influencing consumer product choice include value for money, recyclability of packaging, product quality, low price point and brand.



Packaging: 49% of respondents indicated packaging is a quite or very important factor in their product choice. Only 36% said they were influenced by the recyclability of packaging, suggesting that other aspects such as design and usability are highly valued.

Supermarket preference: Tesco was the most frequented supermarket by respondents (29%), followed by Aldi (18%), Asda (17%), Sainsbury's (13%), Morrisons (8%) and Lidl (8%). Our research deliberately increased responses in regions where trials of products in prefilled returnable packaging have already taken place. And because Tesco has run the biggest pilot to date, this could also have skewed the sample in favour of consumers who shop there.

Loyalty programme: The majority of consumers were signed up to at least one loyalty programme, with 62% having a Tesco Clubcard even if Tesco isn't their preferred supermarket. Sainsbury's (34%), Asda (29%) and Morrisons (21%) reward schemes were also popular.

Online vs instore: More than one in ten respondents shopped online for grocery and household cleaning products more than once a week; 33% shop online weekly and 12% every two weeks. Of those who had previous bought products in prefilled returnable packaging, 37% said they shop online for grocery and household cleaning products more than once a week, while 27% shopped online weekly.

Previous refill behaviour: 30% had previously used a refill station or refill store and of those 85% were satisfied with their experience. This suggests people are likely to become repeat customers if they can be encouraged to make their first purchase. When asked to identify aspects of the refill experience they disliked, 23% indicated it was too messy, 20% said it took too much effort; and 17% thought the process was unhygienic.

60% INDICATED THAT VALUE FOR MONEY WAS THE MOST IMPORTANT CRITERIA INFLUENCING THEIR PRODUCT CHOICE

7 PREFILL PERCEPTIONS AND PRECONCEPTION

Consumer sentiment towards returnable packaging appears to be positive with 69% of respondents stating that they are likely or very likely to try products in returnable packaging if they are available where they shop. Almost half of consumers (47%) would be willing to pay more for products in pre-filled returnable packaging, 53% indicating they definitely would not pay more and 19% were unsure.

Credit: Milk & More

PAST EXPERIENCES

- 19% of consumers indicated they'd previously purchased a product in prefilled returnable packaging, (while 5% said they used to but have since stopped). This relatively high number most likely reflects the fact that we deliberately increased the sample size in areas where there have already been returnable packaging trials.
- 78% made their purchase at a supermarket, while 28% used an online delivery service like Able & Cole or Milk & More. Those that shop online more regularly were slightly more likely to have previously bought products in prefilled returnable packaging – both in store and online – indicating that there are opportunities for retailers and brands via both channels.
- The most commonly purchased products are loose dry goods (50%) and household cleaning products (50%).

MOTIVATIONS

- Respondents seem to be motivated mainly by pro-environmental reasons such as reducing waste (54%), reducing use of single-use plastics (40%) and reducing their own carbon footprint (27%). They also perceive returnable packaging as better for the environment (30%). However, some participants were encouraged by the novelty of trying new things (19%).
- On their own, these motivations are not enough to encourage more people to embrace reuse. Currently, only a highly motivated minority is going out of their way to visit refill stores or order products in returnable packaging for home delivery. This shows even more clearly that easy access to products in returnable packaging is fundamental to overcoming the intention/action or knowledge/action gap.

BARRIERS

- Almost half (45%) of consumers said the biggest barrier preventing them from buying products in prefilled returnable packaging is the lack of availability where they shop.
- Consumers want products in prefilled returnable packaging to be made available in their local store. Almost half said this was the key reason why they had not yet bought products in returnable packaging.
- Some consumers (25%) are also held back by a lack of brand availability, and 31% are concerned that products in returnable packaging would come at a higher price point.

COST

- Consumers are unwilling to compromise on price. Six in ten indicated that value for money was the most important criteria influencing their product choices.
- 47% are willing to pay more for products in prefilled returnable packaging, but some expect a reduction in cost. 28% say they would only trial a product in prefilled returnable packaging if it was cheaper than the alternative in single-use packaging.
- Only Early Adopters are consistently prepared to pay more for products in prefilled returnable packaging, with 76% indicating that they would be prepared to pay more, and 8% unsure whether they would or not. Many in this group are already going out of their way to shop in refill stores or take hard-to-dispose-of items to specialist recycling facilities, suggesting that their environmental concerns outweigh financial impact.

Credit: Unilever

FINANCIAL INCENTIVE OR CHARGE

The risk of losing money has a stronger impact than the prospect of saving money. Research shows that promotions focused on the potential to 'Lose ££ a day' are 150% more effective than those promising consumers will 'Save ££ a day'.[7] The 'latte levy' of between 10p-25p has been shown to encourage more people to bring back a reusable coffee cup than the equivalent discount.[8]

Financial incentives can encourage initial trial, but studies have shown that consumers revert to their previous behaviour once the financial rewards stop.[9] People indicate that a financial reward will motivate them to change their behaviours over and above their peer groups actions, but experiments reveal the opposite: in reality, behaviour is more influenced by peers.

7 https://insidebe.com/articles/loss-aversion/

8 https://orca.cardiff.ac.uk/id/eprint/124422/1/rapid-review-charging-disposable-coffee-cups-waste-minimisation-measure-full-report.pdf

9 https://hbr.org/1993/09/why-incentive-plans-cannot-work

DEPOSITS ARE WIDELY ACCEPTED BY RESPONDENTS BUT THE PRICE POINT NEEDS TO BE KEPT LOW (LESS THAN £2 PER ITEM).

DEPOSITS

Consumers typically need to pay a deposit on returnable packaging, which is repayable when they bring it back. But there's also the option to impose a fine if the packaging is not returned.

We wanted to understand consumers' views on the various options and, perhaps more importantly, gauge how much they would be prepared to pay. As it turns out, deposits are accepted by the majority:

- Almost half of respondents are prepared to pay a deposit for a product that they buy in returnable packaging, with another 19% indicating that they would consider it.
- Around one third would be unwilling to pay a deposit. Most of those were individuals yet to be convinced of the wider benefits of reuse, and unlikely to be the focus of early efforts to encourage adoption of prefilled returnable packaging.

How much are people willing to pay?

- Early Adopters, who are already going out of their way to shop in refill stores or source products in returnable packaging online, are willing to pay a deposit of up to £2.99.
- But the majority of those willing to pay a deposit expect the fee to be less than £2 per item.

The research only asked about the maximum that consumers would be prepared to pay per product; this could reduce significantly when consumers are looking at buying a basket of groceries all in returnable packaging.

8 HOW TO DRIVE BEHAVIOUR CHANGE

Helping consumers change the way they shop could make a sizeable dent in the volume of single-use plastic used in the UK. Consumer behaviour can be hard to change, but using our research we can reveal what influences their decisions and actions. Our findings show that consumers are ready to adopt products in prefilled returnable packaging with the appropriate support and incentives.

It is essential to break down the purchasing process and understand the different barriers and motivations operating at each stage, as well as how purchasing decisions are shaped by the shopping location – in store or online.

WE HAVE IDENTIFIED FOUR KEY STEPS:

1. **Awareness of the product or service;**
2. **Trialling or purchasing the product or service for first time;**
3. **Returning the packaging after use; and**
4. **Repeat purchasing.**

AWARENESS

- Awareness of products in prefilled returnable packaging is growing, with 35% of consumers in our research indicating they knew of their availability, and the majority being keen to try them.
- But there's still a way to go to build awareness. The more people see and hear about prefilled returnable packaging, the more attractive it will be to them (known as the 'mere exposure effect'). Making products available where consumers already shop further adds to the exposure effect. Ideally, they should be displayed alongside traditional product lines so consumers are aware of both options.
- There's also a need to 'prime' people to take action and encourage adoption. This involves increasing familiarity with it in advance of trial or sale through a combination of text, images, touch and sound which helps to effectively bring the product to life.[10]
- Consumers may have also made assumptions about prefilled returnable packaging that means they're less likely to trial it. For example, they could assume that metal packaging denotes a premium product, not that it's a refillable option. The reusability needs to be called out clearly, highlighting it as an easy way to reduce plastic and waste solving the problem for the target audience and present simple steps, e.g. buy, use and return.

ENCOURAGING FIRST-TIME TRIAL AND PURCHASE

Motivators

Environmental and altruistic factors, as well as financial incentives, all have a significant role to in encouraging trial and adoption of products in prefilled returnable packaging, particularly:

- **Highlighting impact:** Almost half of consumers (48%) want to know that their decision to buy a product in returnable packaging makes a difference.
- **Donations:** Donating a percentage of the product cost to charity (33%) or planting a tree for every purchase (28%) would be appealing for consumers.

The most popular financial incentives include:

- **Discounts:** Offering discounts is likely to be key to encouraging first-time trial of products in returnable packaging, with 50% of consumers saying they'd welcome a discount. Research suggests that seeing the price of a product activates the area of the brain associated with physical pain. Essentially, our brains perceive price as pain and a discount as a way to reduce the pain.[11]
- **Supermarket reward points**: Loyalty points could also be a strong incentive (42%), especially as they can be exchanged for other goods.
- **Buy-one-get-one-free offers:** Chosen by 32%, these offers appeal to our desire for something free. The 'Power of Free' theory suggests that an offer marked as buy one get one free and priced at £2 is more effective than offering two packs for £2.[12]

Practical support

Consumers would also be encouraged to buy products in prefilled returnable packaging if they were provided with practical support, such as a bag for storing and returning the packaging (37%).

ENCOURAGING PACKAGING RETURN

In many respects, shopping for products in prefilled returnable packaging is as easy and convenient as buying products in disposable packaging. But the need to return the packaging after use represents a significant change for consumers. Regular actions like carrying a reusable water bottle or taking reusable bags to the supermarket are easier to turn into habits than occasional ones, like remembering to return a bottle when laundry liquid runs out. Prompts and reminders will be important to encourage packaging return. Ideally, they should link returning the packaging with buying the replacement.

- 45% of respondents said that they would be happy to return the packaging, rising to almost three-quarters of the Ready & Contemplating segment.
- 26% of people would be willing to go out of their way to return their empty packaging.
- Around one third openly admitted that they were likely to forget to bring packaging back, increasing to one in four of the Capable and Preparing group, which struggles to remember to bring reusable shopping bags.

10 https://www.choicehacking.com/2021/04/15/what-is-priming
11 https://www.sciencedirect.com/science/article/pii/S0896627306009044
12 Predictably Irrational by Dan Ariely

	EARLY ADOPTERS	CAPABLE & PREPARING	READY & CONTEMPLATING
I would be happy to return the packaging from the pre-filled product I purchased	57%	23%	73%
I would be willing to go out of my way to return the packaging	45%	35%	25%
I would forget to return my empty packaging	26%	39%	22%

This demonstrates the need for a strategy and testing to increase return rates and make the process as seamless as possible for consumers.

Driving packaging return rates

Our research identified four critical elements for driving packaging return rates.

1. **Convenience and flexibility:** Retailers need to make the returns process flexible and convenient, particularly in terms of where consumers can return the product. 44% want to return packaging to the same supermarket or shop where they purchased the product, 35% want to go to any branch of the supermarket chain, and 33% want to use any supermarket or shop. A quarter of respondents want the packaging collected from their home (e.g. with their next home delivery). This reveals the importance of cross-industry collaboration to enable packaging to be returned into the system via multiple routes, while still being able to refund deposits and honour other incentives.

2. **Helping people to remember their packaging:** One in three respondents said they would forget to return their empty packaging. This demonstrates the need to develop a system of reminders. Respondents indicated the following would help:

- 43% said a simple email reminder would be most helpful, while 32% favoured something in their house that could serve as a regular reminder like a sticker or fridge magnet. The timing of reminders should be considered: an alert when they're about to go shopping may be more effective than one in the middle of the working day.
- Four out of five consumers said that they would be prepared to use an app that could send reminders, and around one third felt an app would be particularly useful to prompt them to take packaging back. Retailers should consider how to utilise emails and app reminders as part of existing customer communication channels.
- Return processes need to be considered holistically as part of the shopping experience, rather than in isolation. Integrating reminders into existing retailer apps or partnering with shopping list apps rather than creating a new app from scratch could be preferrable.

3. **Financial incentives:** As with encouraging first-time trials, financial incentives can be used to motivate returns too. 48% of consumers reported appreciating money off against future purchases for the same product and 42% welcomed a voucher offering them money off any purchase. 41% of consumers said they would also like to get their deposit back or earn additional reward points. This highlights the need to offer and test various reward mechanics.

4. **Other incentives to increase return rates:** Again, as with first-time trials, environmental and altruistic motivations featured highly among consumers. Demonstrating that new shopping patterns help to achieve these goals is key to building long-term habits. Over half (51%) of respondents would be encouraged to return packaging if they knew that their actions made a difference. A donation to charity (35%), being provided with a bag for storing and returning the packaging (33%), or a tree being planted for every purchase (32%) could further help to incentivise packaging returns.

REPEAT PURCHASING

Whether someone will progress from a trial or one-off purchase to repeat purchasing depends on their initial experience. If the process is easy and they feel their actions have made a difference, they're more likely to do it again.

- Offering discounts and rewards may motivate an initial sale but consumers may revert to previous habits once discounts are removed.
- 48% of consumers said they'd be encouraged to return packaging if they were offered discounts for repeat purchases.
- Retailers need to trial a range of incentives. Aligning them with an existing supermarket loyalty programme may be more feasible and prove stronger over the long term, especially if they're built around repeat actions, like coffee cards that offer a free coffee on every 10th occasion.
- Brand-specific incentives may be less attractive particularly on products with long buying cycles like laundry and cleaning products. Unlike buying coffees or weekly groceries, it may take a long time to collect reward points offered specifically on purchases of these products.
- Ensuring good visibility of information on the scheme's impact, for example through displays showing volumes of sales, packaging returned or plastic saved, will tap into intrinsic motivations.

47% OF CONSUMERS SAID THEY'D BE ENCOURAGED TO RETURN PACKAGING IF THEY WERE OFFERED DISCOUNTS FOR REPEAT PURCHASES.

Credit: Unilever

Credit: Beauty Kitchen

Credit: Unilever

MAKING IT EASY, ATTRACTIVE, SOCIAL AND TIMELY

Interventions need to align with the way consumers currently shop. The EAST framework, is a simple and accessible way to develop strategies that work. Developed by the Behavioural Insights Team (BiT)[13] it distils behavioural science down into four easy-to-follow principles.

Much as we like to think we act rationally as consumers, we make snap decisions based on emotional reactions and social influences, or act out of habit. Successful behavioural change strategies account for and work with these mental shortcuts focusing on initiatives that are easy (E), attractive (A), social (S) and timely (T).

When devising campaigns, brands and retailers should consider whether they're achieving any or all of these factors.

MAKING IT EASY

- **Increase availability:** For 45% of respondents, stocking products in prefilled returnable packaging in major supermarket chains e.g. Tesco, Asda and Sainsburys would remove the major barrier to trial.
- **Show how easy it is:** Communication should focus on how prefilled returnable packaging is an easy way to reduce single-use plastic. It should break the process down into simple steps, e.g. buy, use and return.
- **Choose prominent locations:** Products in prefilled returnable packaging should be stocked in prominent locations alongside traditional lines, and not isolated in a separate part of the store.
- **Use frequent and consistent messaging:** The more people see and hear about prefilled returnable packaging, the more attractive it will be to them.[14]
- **Make reusability clear:** Video, messages that are out of place or in surprising locations, or personalised and handwritten messages can help.

13 https://www.bi.team/publications/east-four-simple-ways-to-apply-behavioural-insights/
14 https://www.sciencedirect.com/science/article/pii/S0001691813001753

MAKING IT ATTRACTIVE

- **Build exposure and grab attention:** Campaigns need to make products in prefilled returnable packaging stand out to encourage awareness and overcome assumptions.
- **Encourage trial:** People are nervous of change, so allow them to take a trial and build from there. Focusing too heavily on later stages of the process could encourage first-time users to compare returnable packaging to their existing shopping habits and create additional friction points.
- **Be money wise:** Money-back guarantees encourage risk-free trial, while refundable deposits encourage packaging return. People also want something for free; an offer clearly marked as buy-one-get-one-free and priced at £2 is more effective than an offer selling two items for £2.[15]
- **Link with existing reward schemes:** This will encourage trial by enabling consumers to accumulate points more quickly than with a product-specific scheme.
- **Tap into positive emotions:** Humans are wired to avoid negative feelings. Sharing how purchases benefit the consumer, environment or a charity can be a significant motivator.
- **Keep it relevant:** Targeted messages demonstrate how the product is relevant to the audience.

ALMOST **50%** OF RESPONDENTS ARE PREPARED TO PAY A DEPOSIT FOR A PRODUCT THAT THEY BUY IN RETURNABLE PACKAGING, WITH ANOTHER 19% INDICATING THAT THEY WOULD CONSIDER IT.

15 https://socialtriggers.com/guarantees/

KEEPING IT SOCIAL

- **Use reliable messengers:** Endorsement by relatable and trusted sources like a preferred brand, supermarket, or individual builds kudos and confidence in something new.
- **Provide social endorsement:** Displays showing how many other people have purchased and returned the products creates social proof that new shopping patterns are socially acceptable.
- **Make it relatable:** Focus messages on features that other shoppers relate to, e.g. time restraints for busy mums, and demonstrate how using the products can solve their problems or help them to reduce plastics and waste more easily.

AND TIMELY

- **Give subconscious cues:** Stock products alongside traditional lines and place promotions at the point of decision-making. This helps stop people unintentionally filtering them out because they're in an unexpected place.
- **Reinforce intentions:** Give people the opportunity to think through how the returns process or using an app might work for them, e.g. via a conversation with a brand ambassador.
- **Provide prompts:** In-home reminders could encourage packaging return, e.g. texts based on purchasing patterns or how quickly consumers expect to finish a product.
- **Reinforce habits with feedback:** Updating shoppers on how many people have returned packaging, how much plastic has been saved, or how their actions will benefit themselves, can help reinforce actions and create habits.
- **Optimise return:** Making the return experience as easy as possible will create a positive experience that consumers will want to repeat.

CASE STUDY PREFILLED RETURNABLE PACKAGING IN ACTION AT MARKS & SPENCER

M&S launched its 'Refilled' pilot in May 2022 as part of its commitment to reduce and remove plastic packaging and offer customers more sustainable choices.

M&S Refillable allows customers to choose from eight pre-filled, own-brand homecare products, including cleaning sprays, laundry detergents, fabric conditioners and washing up liquids. The range is now live in 6 stores across the UK – all of which can be found on the free City to Sea Refill app.

Customers purchase a pre-filled bottle, the cost of which includes a £2 deposit. Once empty the customer can return their empty bottle in-store at the digital return point managed by our partner Re and receive a voucher for their original deposit to put towards their next refilled purchase. Empty bottles are transported back to Re's cleaning facility, washed and stored so they can be filled and sold again.

To date, the response from customers has been positive – with sales outperforming forecast.

Some products such as the citrus washing up liquid have even beaten sales of the single use plastic-packaged equivalent in one of the pilot stores. Return rates have also been promising and 46% of customers who have returned a bottle, have done so more than once showing a high level of customer engagement

The Refillable builds on the retailer's packaging-free 'Fill Your Own' concept which has so far saved over 350,000 units of single-use packaging and offers over 60 lines of refillable groceries. M&S has committed to ambitious plans to remove 1bn units of plastic food packaging by 2027.

Some of the key learnings M&S has reported from the pilot so far are:

- The importance of positioning in store – sales and returns are higher when it is within the parent category
- The range is particularly popular with our pre-family customers
- Staff education and engagement is important to help sell the concept to customers

"M&S launched our 'Refilled' range as a pilot last year, building the work we've already done across the organisation to reduce packaging and provide refill options for our customers. So far, we've been really pleased with how it's progressing. The feedback from customers has been resoundingly positive, **return rates have been high and some products have even outsold their single-use equivalent!** Looking to the future, we've got plans to expand the range and are optimistic about the potential the system provides to help us meet our packaging reduction targets.

Samuel Higginson
Head of Food Technology, Marks & Spencer

Credit: M&S

9 NEXT STEPS FOR BRANDS AND RETAILERS

Making products available in prefilled returnable packaging will be key to scaling reuse in the retail environment, as it removes many of the barriers associated with current refill models. However, it requires adjustments on the part of the consumer, particularly in relation to returning packaging after use, and significant investment from industry.

This section sets out our recommendations for what brands and retailers can do to create a paradigm shift in packaging reuse, making sure your consumers are with you every step of the way.

TARGET THREE CORE CUSTOMER GROUPS

- Tailor messages to appeal to the **Early Adopters, Capable & Preparing and Ready & Contemplating** groups.
- **Early Adopters** need little convincing to use products in prefilled returnable packaging; they're looking for increased product availability and ongoing improvements to the system and infrastructure.
- **Capable & Preparing** consumers have started their journey towards adopting products in prefilled returnable packaging and prefer prefilled products to single-use plastics. They appreciate convenience and design and prefer to be incentivised with supermarket loyalty points.
- Use promotions to increase product knowledge for the **Ready and Contemplating** group. They're savvy shoppers who want value for money, seek out discounts and are unwilling to pay more for prefilled products. Communications should build on the emotional hook of 'doing the right thing' environmentally.

INCREASE PRODUCT & BRAND AVAILABILITY

- Make products available to consumers where they already shop, so their shopping process is as seamless as possible.
- Make more brands available in returnable packaging to build momentum. Even consumers who have already switched to buy products in prefilled returnable packaging indicate that the lack of brand choice is a barrier for them.

STRIVE FOR PRICE PARITY

- Efficiency and economies of scale are needed to keep costs in line with those for products in standard packaging. Most people are unwilling to pay more for products in prefilled returnable packaging.

INCENTIVISE TRIAL AND PACKAGING RETURN WITH DISCOUNTS AND REWARDS

- Trial a range of incentives targeted to the different consumer groups.
- Use product discounts, supermarket reward points and buy-one-get-one-free offers as financial incentives to increase purchases.

KEEP DEPOSITS MANAGEABLE:

- Consider the cumulative effect of deposits on a full basket of groceries. Most consumers expect to pay a maximum deposit of £2 (or ideally less than £1) per item for returnable packaging.

MAKE THE RETURNS PROCESS AS EASY AS POSSIBLE

- Offer flexibility so that consumers can choose return locations on different occasions.
- Link returns with existing shopping routines and habits like points schemes or reminders within existing shopping apps.
- Reduce barriers and friction at every stage of the customer journey. This includes physical (e.g. make return locations convenient) and mental (e.g. offer trials and 30-day money back guarantees).
- They are also likely to appreciate being provided with sealable bags that they can use to store and return their empty packaging.

Credit: City to Sea

KEEP RETURN REMINDERS SIMPLE

- An app can help remind consumers to return packaging and most said they would be prepared to download one
- For some consumer groups, using emails, stickers and fridge magnets at home can be effective.
- Tailor reminders to each consumer group.

HIGHLIGHT AND CELEBRATE THE BENEFITS

- Emphasise how returnable packaging is easier, takes less time and effort and is less messy than refill.
- Reinforce how consumers are making a difference and doing the right thing for the environment.
- Create positive associations around packaging returns that people will remember when making repeat purchases, including links to relevant waste reduction charities and environmental initiatives.
- Make the consumer messaging salient and relevant to the target audience. Consider digital POS or personalised handwritten messages to bring communications to life.

10 ONWARDS

We hope this report has given you confidence that listening to consumer voices, adopting behaviour change theories, and learning from cross industry collaboration can help to unlock the transformation we need to see.

Our research doesn't stop here. Next, we're going to take a deeper dive into consumer experiences and look at the differences between what people say and what they do. We'll strengthen our understanding of target groups, and with the help of UKRI we'll be looking at consumer attitudes on:

- the relationship between brands and packaging.
- price and deposit sensitivity.
- Language and testing messaging via consumer workshops.
- Shopping journeys in retailers such as M&S offering products in prefilled returnable packaging.

Do you need further support from City to Sea and Re? Or maybe you have insights that add greater depth and colour to this research. We love to collaborate and have some amazing partners working with us to realise our vision of a reusable and refillable future.

Please get in touch with Jane Martin, Head of Development, City to Sea.

Credit: Beauty Kitchen

City to Sea is an environmental charity and social enterprise on a mission to stop plastic pollution at source and make it easier for everyone to live with less waste. Our award-winning campaigns tackle the most polluting single-use plastic items, focusing on upstream solutions. From tech-powered solutions, and behaviour change campaigns, to grassroots community-led action and game-changing education programmes our award-winning initiatives are helping individuals and organisations reduce single-use plastic and have a measurable, lasting impact. https://www.citytosea.org.uk/

Re, created by Beauty Kitchen who are one of the world's highest scoring B Corporations, are pioneering a collaborative cross category reusable packaging platform for the benefit of all stakeholders to accelerate the transition to reuse. Their bias towards actionable innovation and a whole-system approach to remove the barriers is enabling major brands and retailers to switch to reuse by using smart standardised packaging-as-service that can have price parity with single-use. https://www.rereworld.com/

Hitch is a marketing agency with a social conscience, made up of a collaborative group of purpose-driven professionals and strategic partners connected and skilled to deliver marketing services that change the world for the better. https://www.hitchmarketing.co.uk/

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