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# Walmart's Vision of Sustainable Packaging

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## Walmart's Broad Sustainability Goals



To be supplied 100% by renewable energy



To create zero waste



To sell products that sustain people and the environment

# Packaging Sustainability at Walmart

- 2005 – Creation of Packaging Sustainable Value Network
  - Supply chain partners, NGO's, government
- 2006 – Release of Packaging Scorecard
  - Measurement of total packaging volume
- 2006 – Packaging Reduction Goals set
  - Commitment to reduce packaging across all brands by 5% through 2013

# Packaging Sustainability at Walmart

## 2009 – Announcement of Sustainability Product Index Initiative

- Supplier Sustainability Assessment
  - 15 Questions & Participation in the Packaging Scorecard
- Suppliers, universities, industry partners
- Designed to meet evolving expectations
- Watch the video at [www.walmartstores.com/Sustainability](http://www.walmartstores.com/Sustainability)

## 2010 – GHG Supply Chain Reduction Initiative

- 20 Million MT reduction by 2015

## Sustainability Product Index

- 6.7 billion people inhabit our planet, and Increasing numbers aspire to a better life, including products and consumption habits common in developed markets
- We must keep “Live Better” relevant in our modern world
- Higher customer expectations—about quality, performance and sustainability—are now a part of life
- Transparency will need to be a part of all we do

# Supplier Sustainability Assessment

- 15 Questions covering four key areas
  - Energy and Climate
  - Material Efficiency
  - Natural Resources
  - People and Community
- Participation in Packaging Scorecard

# Supplier Sustainability Assessment

- Simple information, but a new systematic approach
  - Consortium of universities to develop a common, global database of product lifecycle information
  - From raw material sourcing through disposal
  - Shift us from traditional thinking about retailing
- Consumer Information
  - Guide decision making at shelf

## Recent Steps We've Taken with Packaging

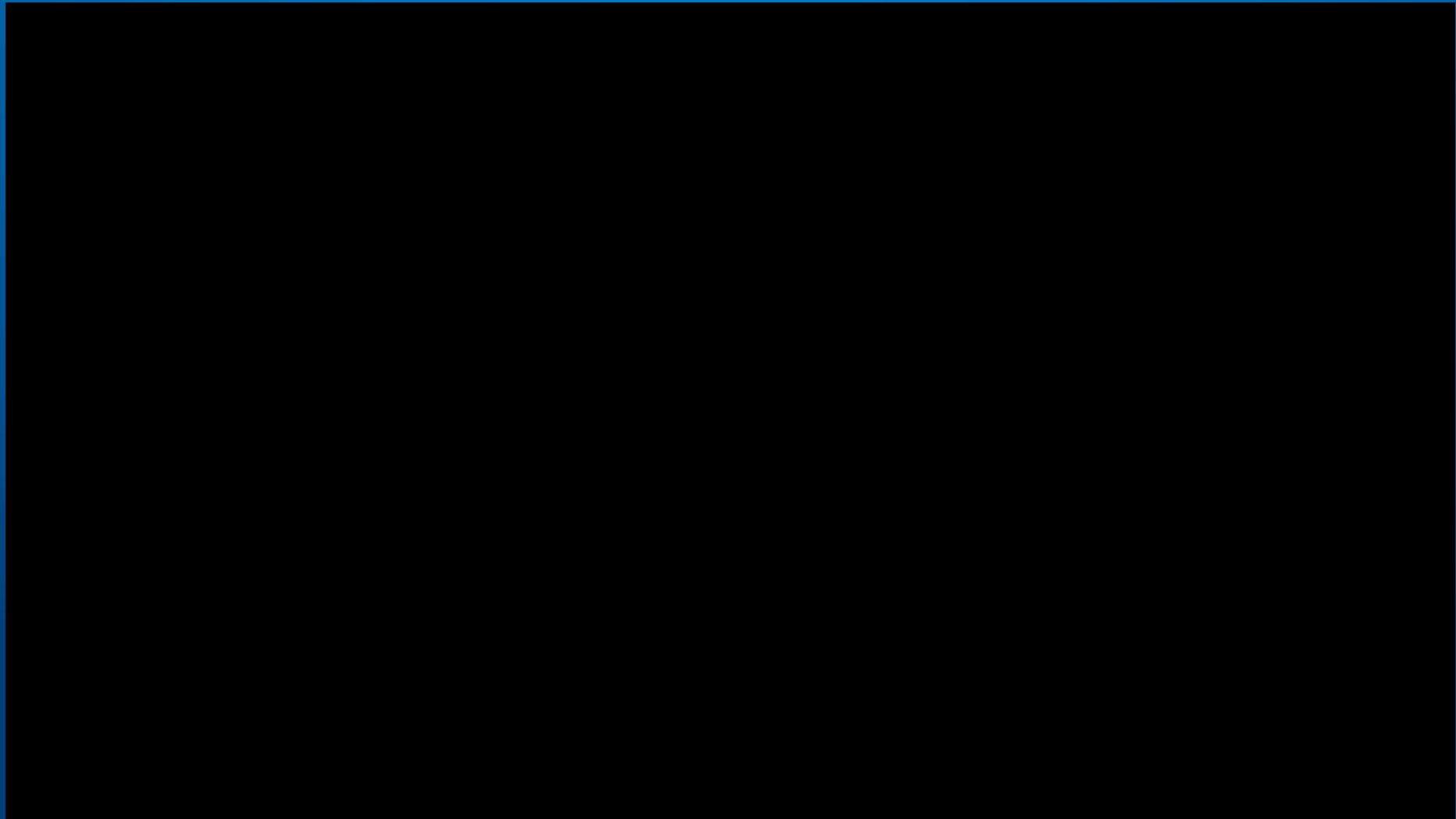
- Broad application of the Packaging Scorecard
  - Walmart, Sam's Club, International
  - Global coordination of packaging
- Ongoing work with the Packaging Sustainable Value Network
  - Measurement of GHG emissions
  - Definition of terms
  - Outreach to key suppliers



## Recent Steps We've Taken with Packaging

- Continued involvement with other industry groups
  - Sustainable Packaging Coalition
  - Global Packaging Project
- Recently completed our 5<sup>th</sup> Annual Sustainable Packaging Expo
  - Unique opportunity to meet with buyers, colleagues
  - Useful information sessions and exhibits
  - April 6-7, 2010 in Rogers, Arkansas

# Recent Steps We've Taken with Packaging



# Productivity Loop



# Packaging Impact on Productivity Loop

Publicis & Hal Riney  
Wal-Mart Stores, Inc.

"Packaging"

:15

WGPH0002000

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# Packaging Impact on Productivity Loop



## Materials Manufacturers gain Scale and Efficiencies

- Significant volume in major commodities: fiber, resin, metal, glass
- Volume forecasts create operational benefits and efficiency savings
- Uniformity and consistency drive package improvements
- Reduced in mill waste and changeovers

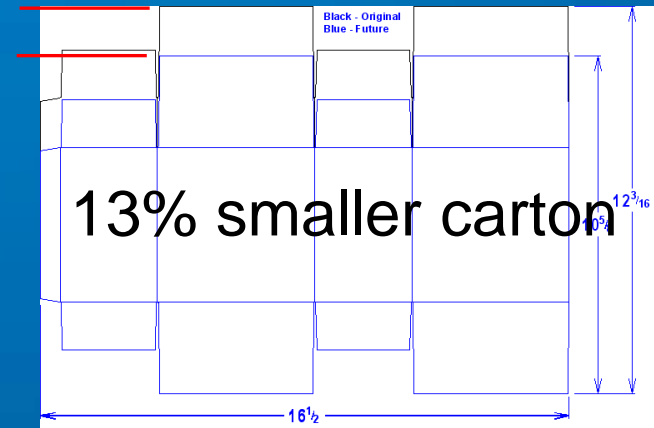
## Converters can achieve Significant Savings

- Harmonized specifications
- Longer production runs drive efficiency and production improvements
- Converters receive timely guidance from Walmart Private Brands Packaging team

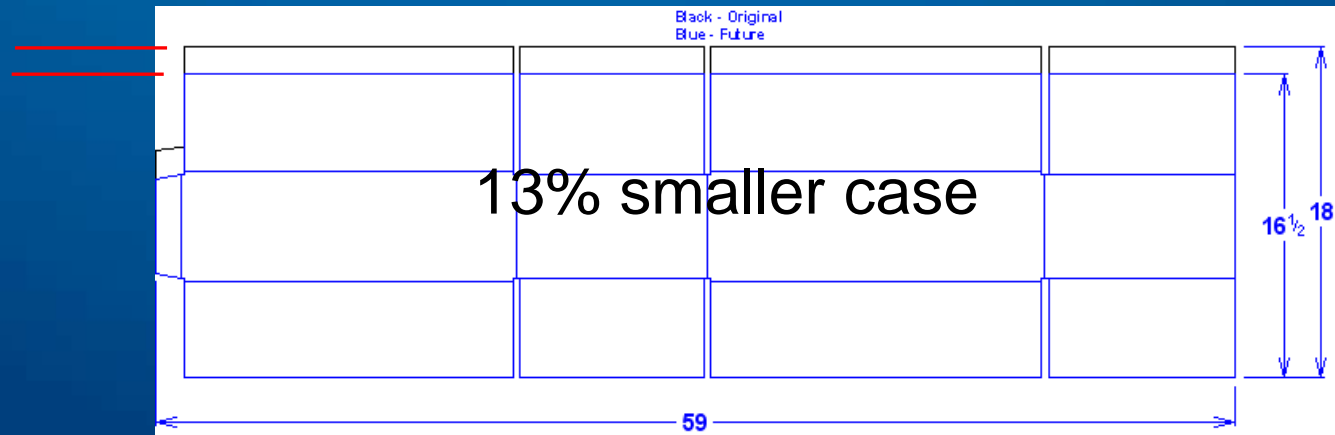
# Great Value Sweetener



## Carton Blank

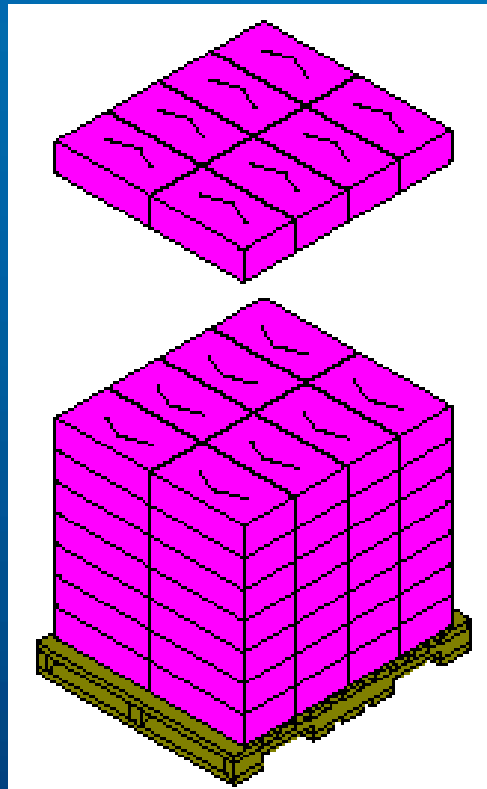


## Case Blank

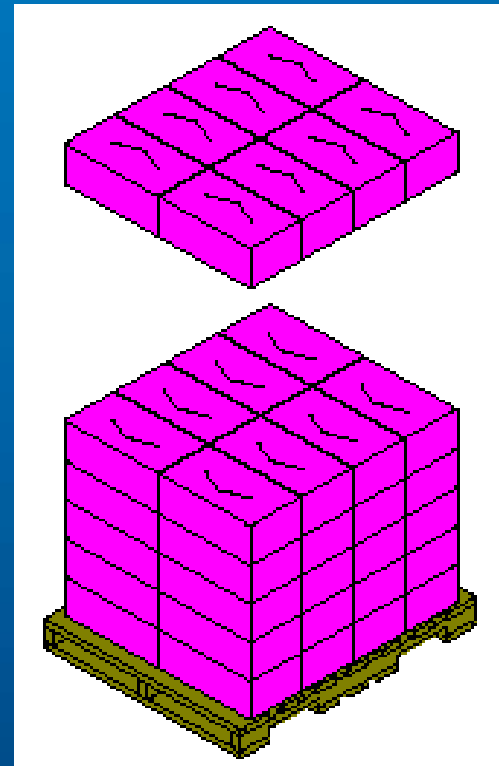


# Great Value Sweetener

- 33% more cases per pallet
  - 2 additional layers due to shorter case



**B = 64**



**A = 48**



# Private Brands & the Future of Packaging

- Private Brands (US)
  - ~10% of total items stocked
  - 21.8% of unit sales volume (up from 20.8% in 2008)
  - 17.0% of total sales dollars (up from 16.6% in 2008)  
(Nielsen Co.)
- Private Brands (Europe)
  - ~40% of unit sales at major retailers (*Europanel*)
- “Product and package innovation is clearly one of the next frontiers for store brands” – (*Food Technology, March 2010*)



# Private Brands & the Future of Packaging

- In-house product development and packaging teams
  - Trend led by ASDA, Walmart, A&P, BJ's, and Marks & Spencer
  - Product lifecycle management tools
  - Engagement and direction of senior executives
- Consumer research and fulfillment of the brand's promise
  - Significant efforts by Wegman's, Walmart
  - Tiered Branding from Safeway, ASDA, Kroger

# Private Brands & the Future of Packaging

- Replacement of outside brokers and consultants
  - Recent changes by Safeway, Supervalu
  - “Directly linked to the strategic importance that our own brands in our future as a retailer,” Joe Ennen, VP of Safeway, March 2010
  - “Working directly with our suppliers will help us reach our collective goals faster,” Andrew Abraham, VP of Supervalu
  - Direct access to a large network of private brand product suppliers across multiple categories

# Homework

- “If you only remember two things from my presentation today they should be...”
  - Walmart has made ambitious sustainability goals, and our suppliers are making great progress in helping us achieve them.
  - Private brand products are an important part of the future for North American retailers, and packaging companies need to be as engaged as they would be with any CPG company

# Homework

- “When you get back to your place of business, the one or two things you should do are...”
  - Look at your press schedule to find your next run of a private label package
  - Send samples directly to the packaging team at the retailer and ask for a meeting