

Private Label Magazine Featured Story

Green Keeps Growing

By Peter Berlinski

Despite the economic downturn, market research indicates that organic and natural foods and eco-friendly nonfoods continue to earn consumer preference and usage.

According to the Organic Trade Association's 2009 Organic Industry Survey:

- Organic sales of food and nonfood products reach \$24.6 billion in the United States in 2008, up 17.1% from the prior year.
- The growth rate for organic food was 15.8% in 2008. Organic food now accounts for 3.7% of all food products sold in the U.S. For the past 10 years, organic food sales have grown at a double-digit rate.

* The growth rate for nonfood organic products was 39.4% in 2008. This nonfood category includes personal care products, nutritional supplements, fiber, clothing, household cleaners, flowers, and pet food.

According to a new RSR Research report, "an environmentally-friendly focus is no fad, but rather a strategic initiative being employed by the best performing retailers across all corners of the enterprise." The report: Real-World Green: The Role of Environmental Savings in Retail, was produced in partnership with RILA – Retail Industry Leaders Association.

"In this economy, retailers across the spectrum of the industry are paying attention to the expectations of consumers, whether about assortment, price, service levels in the store, or cross-channel capabilities," says Brian Kilcourse, RSR managing partner and co-author of the report. "Green retailing has recently become another legitimate differentiator in that brand equation, and creates significant quick-hit ROI opportunities, as well."

According to a 2009 international survey on Sustainable Packaging by Datamonitor, "Sustainable packaging is one of a growing number of issues driven by ethics, economics and environmentalism. Economic imperatives, as well as possible greater regulation, mean that more brands need to consider adapting their present approach to accommodate sustainable packaging, says Matthew Adams, consumer analyst at Datamonitor and author of the report.

Whole Foods Market

The country's leading natural and organic grocer, Whole Foods Market, Austin, TX, continues to be in the vanguard of setting new standards for defining what natural means in the retail marketplace.

Non-GMO Project – In July 2009, the retailer announced its commitment to the Non-GMO Project – a non-profit collaboration of manufacturers, retailers, processors, distributors, farmers, seed breeders and consumers – to use the Non-GMO Product Verification program in connection with WFM's private label products. According to WFM, the project members "have established a working standard and have developed North America's first independent third-party Product Verification Program (PVP)."



WFM's 365 Every Day Value brand is positioned as offering customers value prices on such everyday staples as cereal, olive oil, vinegar and peanut butter.



WFM's 365 bathroom tissue and napkins, Bright Green napkins from Safeway, and Earth Essential bathroom tissue from CVS all are made with 100% recycled paper.

While Federal law requires organic producers to comply with certain non-GMO requirements identified in the USDA organic standards, there is no standard for labeling GMOs in non-organic products.

The product Verification Program uses a process that combines on-site facility audits, document-based review, and DNA testing to measure compliance with the standard.

"For a product to bear the seal, it must undergo a process through which any ingredient at high risk for genetic contamination – soy or corn, for example – has been shown to meet the non-GMO standard through avoidance practices and testing," says the group.

Once a product has been approved, it can be labeled with the Non-GMO Project compliance seal. The first WFM private label products to bear this seal are expected to be in stores before the end of 2009.

"Since there is no U.S. regulation regarding disclosure on products manufactured with GMO ingredients, we are committed to helping our shoppers make confident choices by knowing that what they are buying has been verified as meeting the standards of the non-GMO project," says Michael Besancon, senior global vice president of purchasing at WFM. "We are excited to partner with the Non-Gmo project, and we strongly encourage other manufacturers and retailers to act now and submit their products to the PVP as well. Taking a stand together will make a more significant impact on our overall food supply, which will help the environment and consumer choice in the marketplace."

Premium Body Care – This year WFM unveiled its new premium Body Care Standards for personal care products sold in its Whole Body in-store departments.

"It took our experts more than two years to meticulously examine each and every personal care ingredient in Whole Body. Using the most current safety and efficacy data, research, and resources available, they evaluated each product ingredient in four key areas, searching for the excellence that we believe makes for a premium product," says the retailer on its website.

"We identified more than 300 ingredients unacceptable for Premium Body Care. These include parabens, polypropylene and polyethylene glycols, sodium lauryl and laureth sulfates. Our research also yielded crucial information about the effects of ingredients in several categories of public interest."

The retailer has created a "Whole Foods Market Premium Body Care" logo to identify exclusive premium brand and store brand products.

The Whole Deal advertising circular for August/September 2009 promotes the 365 Everyday Value line of shampoo and conditioner for "just \$2.99." Copy for the ad says: "our own value line of shampoos and conditioners now carries the Premium Body Care seal because they meet the strictest standards for results, quality sourcing, safety and environmental impact."

Safeway Stores

O Organics — Since Safeway, Pleasanton, CA, introduced its O Organics food line in 2005 under the umbrella of its new "Ingredients For Life" marketing campaign, the USDA certified organic food line has grown to include more than 300 products. In 2007, the retailer extended the organic line under two sub-brands: O Organics for Baby and O Organics for Toddler. For baby the line includes baby food, formula and cereal; and for toddler the line includes cereal bars, cookies, crackers, and fruit snacks.

The O Organics range can be found in several fresh, refrigerated, and shelf-stable departments across the store including: beverages, breakfast & baker, frozen foods, fruits & vegetables, meat & poultry, pantry, and snacks.

Bright Green — This is a new line of home care products that Safeway introduced in November 2008. The Bright Green private brand line features cleaning and laundry soaps made with biodegradable and naturally derived ingredients, energy-efficient light bulbs, and paper products made from 100 percent recycled content. There are currently 20 items in the eco-friendly home care range.

- **Cleaning:** Bright Green cleaning products are biodegradable and are made from naturally derived ingredients. Products include Floor Care, Toilet Bowl Cleaner, Bathroom Cleaner, Glass/Window Cleaner, All Purpose Cleaner, Auto Dish Wash Powder and concentrated Hand Dish Wash Liquid.
- **Laundry:** Bright Green laundry products are phosphate-free and specifically formulated for high-efficiency washing machines. Products include Bleach, Liquid Detergent in natural Lavender and Fragrance Free scents, and Fabric Softener Liquid.



The Green Way brand from A&P includes 150 natural, organic and eco-friendly food and nonfood items such as green tea and all-natural laundry bags.

- Paper: Bright Green paper products are made from 100 percent recycled (80 percent post-consumed) content and whitened without the use of harmful, elemental chlorine chemicals. Products include Paper Towels, Bath Tissue, Paper Napkins and Facial Tissue.
- Lighting: Bright Green lighting products are energy-efficient and Energy Star approved compact florescent light bulbs available in 18 watts (which provides lighting equivalent to a standard 75-watt bulb) and 23 watts (equivalent to a 100-watt bulb). They use less wattage to output the same amount of light as a conventional bulb and can last up to nine years.

“More than ever, our customers are aware of the choices and behaviors that affect the world around us, including the products we use to clean our homes, light our rooms and wash our laundry,” says Mike Minasi, Safeway president of marketing. “We wanted to simplify ‘choosing green’ and developed Bright Green so together we can contribute to a cleaner and healthier community – and planet.”

“Feeling good about our contributions to the preservation of the environment builds stronger communities and a healthier world; however, many people don’t know where to start,” says Minasi. “With this in mind, we developed Bright Green to be effective, affordable and accessible for our customers.”

Each item in the Bright Green line has been evaluated by a third-party environmental, sustainability and food quality certification agency, Scientific Certification Systems (SCS) (www.scs-certified.com). SCS reviewed the Bright Green products individually for naturally derived and biodegradable ingredients, post-consumer recycled content and energy efficiency.

In support of its goal of making products ever more environmentally friendly, Safeway says it is also working to develop consistent environmentally preferable guidelines across the entire Bright Green line.

According to the retailer, all Bright Green products have been formulated to be as effective as leading national brands of traditional household cleaning, laundry, paper and lighting products. Bright Green products are priced comparably to leading national brand products, and many are concentrated to offer customers a better value.

Bright Green products are available at all of Safeway’s retail banners including Safeway, Vons, Pavilions, Dominick’s, Carrs/Safeway, Randalls, Tom Thumb and Genuardi’s.

Topco Associates

Full Circle is the natural and organic food line from Topco Associates, Skokie, IL, that was introduced in 2001. Since then the line has been extended to include eco-friendly household cleaning products, vitamins, minerals, supplements, and personal care bath and body products.

There are more than 1,000 products in 90 categories including such food categories as fruits and vegetables, meat, poultry, and seafood, dairy, and dry grocery. Full Circle organic coffee is fair trade certified by the Transfair Group.

Currently, 37 retail members of Topco carry the Full Circle range of products.

To help promote Full Circle, Topco publishes a full-color magazine, *Natural Living*, dedicated to the product line. Besides being distributed in-store by its participating members, Topco also has created a website at www.fullcirclefoods.com.

The online magazine offers product information including new items, menu ideas and recipes, and informs consumers what retailers carry the Full Circle line. The magazine also tells visitors the meaning of the terms Natural and Organic.

Natural

- As close to a natural state as possible,
- Free of artificial ingredients, colors, preservatives and other non-natural chemicals,
- Limited refined ingredients,
- Responsibly produced and packaged. Organic
- Grown and packaged to strict uniform standards and certified by the USDA,
- Produced using sustainable farming methods,
- Free of synthetic pesticides or fertilizers,
- Free of irradiation, sewage sludge or genetically modified organisms (GMOs),
- Free of artificial antibiotics or growth hormones in milk, meat, and poultry,
- 100% organic feed for livestock.

Recipes in the magazine suggest that consumers use a number of Full Circle ingredients.

New food items in the line include frozen vegetables in steamable stand-up bags, and organic 10 percent juice pouches in three varieties: wild cherry, fruit punch, and strawberry kiwi. Each pouch has its own UPC for individual use. New nonfood items include eco-friendly powdered dishwasher detergent, and organic personal care cotton balls.



Eco-friendly products include energy-saving light bulbs under the Bright Green brand from Safeway and under the Everyday Living brand from Kroger, and biodegradable kitchen bags under the Earth Essentials brand from CVS.

New Green initiatives

Since the last PL Green Report, here are some of the new green initiatives that retailers have introduced.

Walmart

In July 2009, the global retailer announced plans to develop a worldwide Sustainable Product Index. "Customers want product that are more efficient, that last longer and perform better," says Mike Duke, Walmart's president and CEO. "Increasingly they want information about the entire lifecycle of a product so they can feel good about buying it. They want to know that the materials in the product are safe, that it was made well and that it was produced in a responsible way.

"We do not see this as a trend that will fade. Higher customer expectations are a permanent part of the future. At Walmart, we're working to make sustainability sustainable, so that it's a priority in good times and in the tough times. An important part of that is developing the tools to help enable sustainable consumption."

The company will introduce the initiative in three phases, beginning with a survey of its more than 100,000 suppliers around the world. The survey includes 15 questions that will serve as a tool for Walmart's suppliers to evaluate their own sustainability efforts. The questions will focus on four areas: energy and climate; material efficiency; natural resources; and people and community.

As a second step, the company is helping create a consortium of universities that will collaborate with suppliers, retailers, NGOs and government to develop a global database of information on the lifecycle of products — from raw materials to disposal. Walmart has provided the initial funding for the Sustainability Index Consortium, and has invited all retailers and suppliers to contribute.

The final step in developing the index will be to translate the product information into a simple rating for consumers about the sustainability of products. According to Walmart, this will provide customers with the transparency into the quality and history of products that they don't have today.

According to Duke, the Global Sustainability index will take about five years to fully implement.

Green Way

In March 2009, A&P, Montvale, NJ, launched its Green Way own brand organic and natural food line. In addition, A&P is developing eco-friendly nonfood products including household paper goods and cleaners under the Green Way brand. The new green product line includes more than 150 items in the initial offering.

"In our research, we found that the Green Way brand resonated very well with consumers in terms of knowing what the brand represents," says Doug Palmer, vice president, own brands. "The simplicity of the product packaging has also been well received by our customer base." Packaging is clean and simple with a white background and attractive photography of the product.

Some of the products offered under the Green Way brand include: organic produce, milk, eggs, pizza, salsa, pasta sauce, salad dressings, pasta, yogurt, natural and organic cereal, and eco-friendly cleaning products.

Sun Harvest

In October 2007, Smart & Final, City of Commerce, CA, acquired 35 natural and organic food stores under the Henry's Farmers Markets and Sun Harvest store banners from Whole Foods Market, which in turn had acquired them through its Wild Oats acquisition.

Smart & Final plans to maintain these two store banners but introduce a new line of natural and organic products under the Sun Harvest brand that will be marketed in all of its store formats. Roll out of the new brand line is underway and will be substantially completed by the end of this year.

The Smart & Final warehouse banners will carry about 100 Sun Harvest items suited to their value-price positioning, while there are more than 500 natural and organic items planned for the Sun Harvest and Henry's store banners.

Publix

In 2007, Publix, Lakeland, FL, announced the introduction of a new shelf-tag system that identifies natural, organic, and earth-friendly products in all of its stores. The three shelf tags are tan-colored and two of them contain organic icons. They include:

- Natural or earth-friendly tag that is tan-colored but with no icon. It is meant to inform customers the item is minimally processed, contains no artificial colors, flavors, preservatives, or sweeteners, or the item is produced in a way that minimizes any negative impact on the environment.
- Made with Organic Ingredients icon and tag. It means the item is made with 70 to 94 percent organic ingredients.



GreenWise Market brand from Publix has grown to include more than 100 food and nonfood natural, organic and eco-friendly products which are now identified by special shelf tags in Publix and GreenWise Market stores.

- USDA organic icon and tag. It means the item contains 95 to 100 percent organic ingredients.

The new shelf tag system is used to identify Publix brand, GreenWise Market brand, and national brand products.

Meijer

In April 2009, Meijer, Grand Rapids, MI, introduced its Meijer Naturals food line that is health-focused and contains no artificial ingredients or additives. The new line is designed to complement the company's Meijer organics line introduced in 2007.

"We're committed to helping our customer and their families eat healthier, and Meijer Naturals is certainly a smart choice," says Shari Steinbach, healthy living manager. "Coupled with our Meijer Organics line, this new product furthers our reputation as the pre-eminent health and wellness brand among grocers."

The initial launch includes 75 items and features jarred fruit, juices, cookies, crackers, pancake mix, nuts, popcorn, sauces and salsas. The Meijer Natural products are priced at 10 to 15 percent less than comparable national brand products.

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