

Reusable Transport Packaging

MARKETING PLAN

*Prepared for the
Solid Waste Management Coordinating Board
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with assistance from

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SPACE DESIGN
FOR WASTE REDUCTION & RECYCLING

REUSABLE TRANSPORT PACKAGING MARKETING PLAN

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EXECUTIVE SUMMARY

The mission of the Solid Waste Management Coordinating Board (SWMCB) representing the Minnesota counties of Anoka, Carver, Dakota, Hennepin, Ramsey and Washington, is to increase the efficiency and environmental effectiveness of the region's solid waste management system. The SWMCB's Regional Solid Waste Master Plan for managing the six-county Twin Cities metropolitan area's solid waste through the year 2017 calls for a reduction of 75,000 tons of commercial transport packaging waste per year by 2003. The Plan targets the reduction of old corrugated cardboard shipping containers and wood pallets.

The purpose of the Project was to develop a marketing plan to encourage businesses to reduce corrugated cardboard and wood pallets. National and local (SWMCB region) market research identified industry leaders that have replaced corrugated cardboard and wood pallets with reusable transport packaging. The results of this research were used to identify target audiences and develop key messages that were integrated into the development of a marketing plan. Highlights of the marketing plan include:

Target Audiences

Because of the significant up-front investment required to change to reusable transport packaging, the Contractor recommends targeting medium- to large-sized companies (annual sales of \$20 million to \$1 billion) in the following market segments:

- Food and beverage industry – approximately 70 Twin Cities companies
- High tech industry – approximately 30 Twin Cities companies

The following position titles would be targeted in each of these market segments:

- Transportation manager
- Purchasing manager
- Logistics/supply chain manager
- Waste management/environmental coordinator
- Shipping and receiving manager
- Warehouse manager
- Distribution center operations manager
- Plant manager

Key Messages

1. *Reusable transport packaging is an important financial and environmental issue for your business*

Replacing one-time use wood pallets with reusable plastic pallets or pallet pooling systems and corrugated cardboard with reusable plastic containers can save your operations significant money and simultaneously have a positive impact on the environment:

- Plastic pallets last 10+ times longer than wood pallets.
- Reusable transport packaging reduces labor costs.
- Reusable transport packaging helps protect products from damage and the costs associated with repair or replacement.
- Reusable transport packaging enhances supply chain efficiencies and reduces costs.
- Reusable transport packaging helps reduce the volume of garbage generated and the cost to dispose of it.

2. *Reduced product damage*

Reusable transport packaging is an effective method for reducing the costs associated with product damage.

- Plastic pallets do not fail as readily as wood pallets
- Pallet pooling reduces pallet failure
- Reusable plastic containers offer greater product protection

3. *Better ergonomics and worker safety*

Reusable transport packaging provides better worker ergonomics, safety and reduces the costs associated with fewer worker's compensation claims.

- Plastic pallets have less potential for worker injury because they weigh less and do not splinter.
- Pallet pooling provides higher quality wood pallets which have less potential for worker injury because they are higher quality pallets that do not splinter as often.
- Reusable plastic containers can be customized to interface with production lines, reducing muscle strain as well as decreasing lifting and repetitive motion injuries.

Communications Objectives

- Expand awareness within the targeted market segments of the financial and/or competitive advantages as well as the environmental benefits associated with reusable transport packaging.
- Educate businesses within the targeted market segments on reusable transport packaging issues and what their industry leaders are doing to successfully address these issues.

Promotional Tactics

1. ***Awareness Building Tools*** to establish SWMCB as the Twin Cities business resource expert for information on reusable transport packaging issues. To accomplish this:
 - Partner with industry associations
 - Develop a quarterly newsletter
 - Develop a brochure
 - Utilize trade PR
2. ***Educational Tools*** for businesses to use in their decision-making process for converting to reusable transport packaging need to be developed. To accomplish this:
 - Utilize direct mail
 - Develop or procure educational materials
 - Utilize trade PR
 - Identify Minnesota and Twin City trade shows and/or educational seminars
 - Expand the SWMCB website or link to the OEA website

I. PROJECT BACKGROUND

The mission of the Solid Waste Management Coordinating Board (SWMCB) representing the Minnesota counties of Anoka, Carver, Dakota, Hennepin, Ramsey and Washington, is to increase the efficiency and environmental effectiveness of the region's solid waste management system. The SWMCB's Regional Solid Waste Master Plan for managing the six-county Twin Cities metropolitan area's solid waste through the year 2017 calls for a reduction of 75,000 tons of commercial transport packaging waste per year by 2003. The purpose of this project is to reduce commercial transport packaging waste in the two target areas of old corrugated cardboard shipping containers and wood pallets.

The SWMCB contracted with JL Taitt & Associates to develop a marketing plan to encourage businesses to reduce commercial transport packaging waste. The Contractor conducted market research to identify national and local (SWMCB region) industry leaders that have replaced corrugated cardboard and wood pallets with reusable transport packaging. The results of this market research were used to identify target audiences and develop key messages that were integrated into the development of a marketing plan.

This is the second of two reports summarizing the Contractor's work:

1. Reusable Transport Packaging Market Research Report
2. Reusable Transport Packaging Marketing Plan

The Reusable Transport Packaging Marketing Plan is divided into the following seven sections. Section II defines the marketing objective and background. Section III identifies the market challenges that must be considered and overcome and the opportunities that can be used to offset the challenges. Section IV characterizes the target audiences to be the first ones targeted in the marketing plan. Section V describes the key messages to be established as the foundation for all communications. Section VI provides the communications objectives that form the cornerstone for all future communications. Section VII describes the promotional tactics for reaching the target audiences.

II. MARKETING OBJECTIVE AND BACKGROUND

A. Marketing Objective

To educate Twin Cities' businesses on the benefits of changing to reusable transport packaging with a goal of reducing the volume of wood pallets and corrugated cardboard shipping containers in the Twin Cities metropolitan area waste stream by 75,000 tons per year by 2003.

B. Background Information

- Transport packaging (corrugated cardboard and wood pallets and plastic film) comprises approximately 15 percent of Minnesota's municipal solid waste.
- In 1998 the state set a goal of reducing this waste by 25 percent, targeting transport packaging as an initial place to start in terms of opportunities for reduction, reuse and recycling.
- The volume of solid waste generated in the Twin Cities metropolitan area will triple in the next 20 years.
- There are only ten years of landfill space left in the entire state of Minnesota.
- The Minnesota Office of Environmental Assistance (OEA) estimates that the Twin Cities potential to reduce wood pallet and corrugated cardboard is 79,000+ tons or about 60 percent of the state's waste in these categories.
- In August 1998 a joint study sponsored by the OEA and the American Plastics Council, *Transport Packaging: Cost-Effective Strategies for Reducing, Reuse and Recycling in the Grocery Industry*, examined cost-effective strategies associated with the grocery industry for managing transport packaging. The study's report found that:
 - a. A strong cost incentive exists for grocery stores to recycle corrugated cardboard.
 - b. An even greater cost incentive exists for recycling corrugated cardboard if the revenue generated by recovering it is captured.
 - c. The most significant reuse effort underway in the grocery industry involves replacing wood pallets with plastic pallets in order to extend a pallet's useful life. Economics benefits of this switch are substantial at the wholesaler/distributor level.
 - d. Plastic pallets have the potential to reduce workers' compensation, labor and shipping costs.
 - e. Plastic pallets have a significantly longer life than wood pallets.

- Industries that receive their products from wholesalers/distributors do not have an incentive to change to plastic pallets, to increase reuse or to recycle since they do not have responsibility or ownership for the pallets and return them as part of a closed loop system.
- INFORM's 1994 study, *Delivering the Goods: Benefits of Reusable Shipping Containers*, examines companies using reusable shipping containers to prevent the generation of packaging waste and presents case studies that found that reusable shipping containers saved companies money through:
 - a. Reduced packaging costs
 - b. Reduced damage
 - c. Reduced labor costs
 - d. Avoiding disposal costs
 - e. Standardizing reusable containers
- INFORM's study also identified five obstacles to expanding the reuse of shipping containers:
 - a. The expense of investing in a large enough quantity of containers.
 - b. The cost of return freight for hauling back empty containers
 - c. Tracking and accounting for containers
 - d. Availability of adequate storage facilities
 - e. Companies resistance to change
- The 2001 national and Twin Cities market research study conducted by JL Taitt & Associates confirmed the results reported by INFORM and the OEA study for the food and beverage industry and well as for high tech manufacturers. The JL Taitt study summarized a number of factors that need to be present in order for a business to successfully change to reusable transport packaging. These factors include:
 - a. Having a closed loop distribution system in order for the change to be successful.
 - b. Being able to easily identify a financial incentive and/or competitive advantage before they will consider changing.
- While there are many Twin Cities businesses that are completely unaware of reusable transport packaging and the associated environmental and financial benefits, several industry segments are aware of the concept and some of the market leaders have already adopted reusable transport packaging.

III. CHALLENGES AND OPPORTUNITIES

A. Challenges

With every marketing plan, there are market challenges that must be considered and, to some degree, overcome. In the Twin Cities the following factors—confirmed by the research—will influence the development and implementation of reusable transport packaging marketing initiatives. These challenges are:

- ***Very low to non-existent awareness*** of reusable transport packaging. This conclusion is reinforced by the low returned call rate, examples of indifference to the topic expressed by some companies as well as the difficulties experienced to determining the correct company decision-maker on the topic.
- ***Wide variety of decision-maker position titles*** makes developing and targeting communications messages difficult and less effective in the early stages of marketing. The most effective messages should be developed for specific audiences, addressing that audience’s specific needs in their “language.” With a lot of position titles to deal with, we will need to overcome this by utilizing broader messages that appeal to a wide range of positions.
- ***Resistance or total lack of interest by some market segments*** to reusable transport packaging. Businesses identified the following major hurdles as reasons for their disinterest:
 - a. Not a priority issue that drives the business success
 - b. No financial incentive
 - c. No customer or supplier demand for the change
 - d. Customers or supplier are resisting the change
 - e. Incompatible distribution system

These hurdles will need to be addressed through educational information so that target audiences gain early awareness of the positive aspects of reusable transport packaging.

B. Opportunities

The marketing research identified opportunities that can be used to offset the challenges in the market. These opportunities are:

- ***The existence of Twin Cities market segments that have successfully changed*** to the use of reusable transport packing, including:
 - a. Food and beverage industry (wholesale and manufacturers)
 - b. High tech industries such as computer and semiconductor manufacturers
- ***These industries share some common motivating factors***, like the importance of having a financial incentive to save money from the change as well as the need to deliver customer satisfaction. They also have motivating factors that are specific to their industry.
- ***Some of the businesses may be willing to participate*** in the development of case studies that can be used in trade PR efforts.

IV. TARGET AUDIENCES

Since the national and Twin Cities market research confirmed that there are specific industry segments that have begun to embrace reusable transport packaging as an important part of their business, the Contractor recommends that these market segments be the first ones targeted in this marketing plan. By selecting market segments where reusable transport packaging successes already exist, the SWMCB may be able to use some of these companies as case studies or references for success in the materials it develops. This is important since these companies:

- Share similar motivating factors
- Talk the same industry language
- Have similar industry issues

As awareness and conversions to reusable transport packaging build, additional market segments may be targeted in later phases of the marketing efforts.

Because of the significant up-front investment required to change to reusable transport packaging, the Contractor recommends targeting medium- to large-sized companies (annual sales of \$20 million to \$1 billion) in the following market segments:

- Food and beverage industry – approximately 70 Twin Cities companies
- High tech industry – approximately 30 Twin Cities companies

As mentioned in the Challenges section of this plan, decision-makers responsible for reusable transport packaging are not easily identified. As a result, the Contractor recommends that all promotional materials be distributed to the following position titles until more refined information and lists can be developed:

- Transportation manager
- Purchasing manager
- Logistics/supply chain manager
- Waste management/environmental coordinator
- Shipping and receiving manager
- Warehouse manager
- Distribution center operations manager
- Plant manager

The Contractor recommends developing a promotional mailing list as a cost-effective first step once the implementation phase is started. To accomplish this, the approximately 100 targeted

companies would be telephoned to determine names and titles of people who should receive reusable transport packaging information. In addition, as promotional campaigns are implemented, easy-to-implement feedback mechanisms, such as business reply cards (BRCs), should be designed into the materials so that this list will continue to be current by correct title and by company. Refining this list will also, over time, decrease the promotional costs associated with information distribution.

V. KEY MESSAGES

Key messages establish the foundation for all communications initiatives in terms of what the SWMCB wants the target audiences to understand and remember after exposure to its promotional materials. While the exact wording in the key messages will not necessarily be used in advertising, public relations, direct mail or educational campaigns, the overall ideas must be communicated in order to “cut through the clutter” and successfully deliver memorable information. By emphasizing key messages on a regular basis, the SWMCB will improve the chances that target audiences will “hear” the message and remember it.

The Contractor’s research identified a number of benefits that specific businesses associated with their change to reusable transport packaging. While some of the benefits were very industry specific, there were consistent benefits expressed by all of the businesses the Contractor contacted. Appendix A summarizes these benefits and identifies consistent themes.

Based on this information, the Contractor recommends the following messages as being universal in their appeal and in their importance:

1. *Reusable transport packaging is an important financial and environmental issue for your business*

Replacing one-time use wood pallets with reusable plastic pallets or pallet pooling systems and OCC shipping containers with reusable plastic containers can save your operations significant money and simultaneously have a positive impact on the environment:

- Plastic pallets last 10+ times longer than wood pallets.
- Reusable transport packaging reduces labor costs.
- Reusable transport packaging helps protect products from damage and the costs associated with repair or replacement.
- Reusable transport packaging enhances supply chain efficiencies and reduces costs.
- Reusable transport packaging helps reduce the volume of garbage generated and the cost to dispose of it.

2. *Reduced product damage*

Reusable transport packaging is an effective method for reducing the costs associated with product damage.

- Plastic pallets do not fail as readily as wood pallets
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3. *Better ergonomics and worker safety*

Reusable transport packaging provides better worker ergonomics, safety and reduces the costs associated with fewer worker's compensation claims.

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- Pallet pooling provides higher quality wood pallets which have less potential for worker injury because they are higher quality pallets that do not splinter as often.
- Reusable plastic containers can be customized to interface with production lines, reducing muscle strain as well as decreasing lifting and repetitive motion injuries.

VI. COMMUNICATIONS OBJECTIVES

Communications objectives form the cornerstone for all future communications materials by establishing measurable goals that support the marketing objective. In support of this plan's marketing objective to educate Twin Cities businesses and to increase awareness about reusable transport packaging, the Contractor recommends two communications objectives:

- Expand awareness within the targeted market segments of the financial and/or competitive advantages as well as the environmental benefits associated with reusable transport packaging.
- Educate businesses within the targeted market segments on reusable transport packaging issues and what their industry leaders are doing to successfully address these issues.

VII. PROMOTIONAL TACTICS

In developing the promotional tactics for reaching the SWMCB's target audiences, cost-effective promotional vehicles are an important consideration. With 100 companies within the food and beverage and high tech industries as target audiences for the initial phase of marketing, the tactical portion of this plan utilizes communications vehicles that are easy to tailor and target. Traditional communications vehicles that are used to reach broad consumer audiences—such as newspaper, magazine, radio and TV advertising—would not work effectively for this plan because of the difficulty and cost of targeting them.

Direct mail and trade PR are excellent examples of communications vehicles that will allow the SWMCB to cost-effectively create awareness and educate target audiences. With the Twin Cities SIC code database, the SWMCB can develop very targeted mailing lists to reach specific audiences with specific messages targeted to their needs. Industry success stories offer an important and substantive way for trade PR to educate and create awareness.

Websites are another communications vehicle that can play an important role in the SWMCB's marketing efforts since more and more businesses are turning to the Internet as a quick and inexpensive source of information. Currently, the SWMCB's website is designed as an informational website. By changing and updating its design and content, it could serve as an educational tool for the marketplace. To this end, we recommend that the SWMCB website be positioned as an important vehicle for reaching businesses and helping them connect to the resources they need. Promotional and educational materials developed for the marketing campaign can also be leveraged further by making them available through the website.

1. ***Awareness Building Tools*** should be developed to establish the SWMCB as the Twin Cities business resource expert for information on reusable transport packaging issues. For the tools to be successful, they need to create awareness by delivering information that is of value to the recipient. These tools also need to be ones that are easily delivered to the target audiences. To accomplish this, the Contractor recommends:
 - **Partnering with industry associations** to ensure expert information is available to Twin Cities businesses. Information gained from industry associations would also be used in other awareness building tactics to build substance and credibility to the messages. Trade associations that may be helpful in terms of partnering include:
 - American Plastics Council, St. Paul
 - Minnesota Food Association, St. Paul
 - Minnesota Grocers Association, St. Paul
 - Minnesota Bakers Association, Wayzata
 - Minnesota Restaurant Association, St. Paul
 - Minnesota Biotechnology Association, Minneapolis
 - Minnesota Waste Association, Lino Lakes
 - Minnesota High Tech Association, Bloomington
 - Materials Handling & Management Society
 - Reusable Industrial Packaging Association

- Reusable Pallet & Container Coalition
 - **Developing a quarterly newsletter** on reusable transport packaging issues, industry case studies, resources that businesses can turn to for help on reusable transport packaging issues (e.g., associations, websites, publications, etc.). Information gained from the industry partners would also be used to keep businesses current on the latest trends. A return mail mechanism, like a postcard or business reply card, should be included to help refine the mailing list. The newsletter can also be posted on the website as an additional resource.
 - **Developing a brochure** that defines the broad advantages of reusable transport packaging and the long-term environmental issues that need to be addressed. It should also include information/quotes from local Twin Cities businesses on the specific advantages they are experiencing. This brochure can be distributed as a direct mail fulfillment piece or upon request for information on reusable transport packaging.
 - **Utilizing trade PR** to increase awareness by pitching industry case studies to appropriate trade publications. This would involve:
 - a. Researching an appropriate trade media list and editorial calendars
 - b. Developing a PR kit that includes environmental and financial data associated with reusable transport packaging and the targeted industry
 - c. Writing a press release that summarizes the results of the case study and/or
 - d. Ghost-writing a case study that the publication can use directly
 - e. Pitching the story to appropriate trade editors for publication
2. ***Educational Tools*** for businesses to use in their decision-making process for converting to reusable transport packaging need to be developed. The Contractor recommends the following be considered:
- **Utilize direct mail** to inform businesses about the availability of reusable transport packaging educational materials; design the direct mail so that accurate name and position title information can be obtained from the mailing.
 - **Develop or procure educational materials** that can be distributed to targeted business segments.
 - **Utilize trade PR** to promote the availability of educational tools.
 - **Identify Minnesota and Twin Cities trade shows and/or educational seminar** opportunities where the SWMCB can exhibit or present case study findings. Utilize trade PR and direct mail to promote these events to target audiences.

- **Expand the SWMCB website and/or link to the OEA’s website** so that educational information is available. Regardless of which website is used as the delivery mechanism, include a section devoted to reusable transport packaging so that it can easily be used as a reference tool for businesses interested in implementing reusable transport packaging. Keep the site looking current by posting “news” on the home page or the reusable transport packaging page.
3. ***Reusable Transport Packaging Concept Selling:*** businesses need to thoroughly understand the financial implications for changing to reusable transport packaging, including both the measurable benefits and costs or risks.
- **Develop a worksheet or financial analysis checklist** for companies to more easily identify the financial advantages when considering reusable transport packaging.
 - **Develop and distribute industry case studies** via direct mail to targeted market segments that showcase success stories specific to their business.
 - **Update the Reusable Transport Packaging Directory** published by the Minnesota Office of Environmental Assistance in 1994 and posted on the OEA site and linked to the SWMCB web site so that it can be easily updated and businesses can download those pages or portions that are relevant to them.

VIII. BUDGET AND TIMETABLE

A. Budget

To be developed as part of the next phase of the project if the SWMCB decides to move forward with this plan. Budget parameters and timing will be needed from the SWMCB.

B. Timetable

To be developed as part of the next phase of the project if the SWMCB decides to move forward with this plan. Once budget parameters are established and timing for various project components is agreed upon, a production timetable can be developed.

IX. NEXT STEPS

Once the SWMCB has reviewed this marketing plan, the Contractor recommends the following next steps for implementation:

- Agreement with the concepts and overall plan
- Determine budget
- Prioritize the tactical plan based on budget
- Identify a SWMCB point person to work with the Contractor on implementation
- Develop and refine specific implementation plans

APPENDIX A

Benefits Associated with Reusable Transport Packaging

BENEFITS	Plastic Pallets National	Plastic Pallets Twin Cities	Pallet Pooling National	Pallet Pooling Twin Cities	Reusable Plastic Cont. National	Reusable Plastic Cont. Twin Cities
Less product damage & associated costs	X	X	X	X	X	X
Ergonomics & worker safety	X	X	X	X	X	X
Longer useful life	X	X			X	X
Reduced labor costs	X	X		X		
Easy to sanitize, cleaner, fewer contaminants	X	X			X	
Maximizes truck space		X			X	X
Customer satisfaction		X		X		X
Decreases storage space		X			X	
Reduces supply chain costs			X			
More productive flow of goods thru distribution channels			X			
Elimination of pallet recovery discussions & disputes			X			
Improved load stability			X		X	
Increased loading dock productivity			X			
Higher quality pallets				X		
Efficient production line interface					X	
Reduced transportation costs					X	
Improved use of floor space					X	
Improved inventory management					X	X
Avoids waste disposal costs					X	
Operational efficiencies						X