



NatureWorks™ by Cargill Dow LLC

Capturing consumer attention and loyalty

The NatureWorks brand is capturing shoppers' attention and loyalty as they seek to provide natural, wholesome and convenient meal solutions for their families. Consumers prefer fresh foods in the 100 percent corn-based packaging because it offers all of the convenience of traditional packaging while helping reduce environmental impact.

NatureWorks PLA is a family of packaging and fiber polymers (carbon-based molecules) made from non-petroleum based, annually renewable resources such as corn. By applying their unique technology to the processing of natural plant sugars, Cargill Dow has created an environmentally friendly material that reaches the consumer in food packaging, cold drinking cups, duvets, pillows, blankets and soon even clothing.

Its appeal

Natural and organic food products are increasingly capturing shoppers' food dollars, as people are more and more concerned about what they are putting on their plates and how the packaging used. Worldwide sales of natural and organic food products are estimated to grow from US\$ 30 billion today to US\$ 56 billion by 2008. NatureWorks PLA creates a marketing advantage for these foods by extending their natural benefits to the entire product offering. NatureWorks PLA creates advantages for all fresh food in much the same way – offering its packaging benefits as a platform for increased sales.

NatureWorks is already sought after by the global marketplace as the first natural-based plastic resin versatile enough to fit a diverse range of packaging and fiber applications. Performance like gloss, clarity and rigidity are key to Cargill Dow's ability to compete in the marketplace. This message, coupled with its sustainability, is why the company often works directly with retailers and brand owners to inform about the point-of-sale differentiation NatureWorks PLA brings to its clients' shelves.

NatureWorks PLA's unique blend of physical properties make it well suited for a range of packaging applications including rigid packaging for fresh food and blister packaging, not to mention ideal for disposables used at venues or sporting events. Films made from NatureWorks PLA are perfect for windows and candy wrappers for the confectionery markets and bottles are now commercially available for still water and milk.

Cargill Dow has aggressively pursued a range of applications and successfully test-marketed and launched products in Europe, Asia Pacific and North America, initially in the packaging and fiber markets. Early heavy market demand has come from the Asia Pacific Rim and Europe, coinciding with needs based on their environmental issues.

Poly lactide (PLA), the generic polymer name of NatureWorks PLA, is broadly accepted around the globe in food and non-food packaging and fiber applications. The regulatory/legislative issues facing Cargill Dow today are actually opportunities that could significantly increase the value of PLA for its customers. These include regulatory actions that would exempt PLA from the packaging disposal tax (DSD tax) in Europe and Asia and also legislation that would promote composting.



Marketing to retailers and brand owners

Cargill Dow markets PLA directly to retailers and brand owners to create demand that results in a converter running the material rather than marketing directly to converters. Once a converter agrees to sell NatureWorks PLA we provide them with many marketing tools including PR programs, presentations, advertising, and direct marketing all under the NatureWorks PLA name.

To market NatureWorks PLA, Cargill Dow LLC uses a push-pull strategy, promoting its product to retailers and produce growers who then either purchase containers from existing product manufacturers or through their own converters. The fresh food market is responding well to this form of marketing, with recent introductions by Del Monte Fresh Produce and Newman's Own Organics, both announcing programs in the last quarter of 2004 to use PLA.

By using in-depth market studies, Cargill Dow targets markets where they know PLA will work. Retailers and brand owners using PLA bolster their brand and improve the fresh image of their food while helping do their part to make the environment a little better for everyone.

Success in retail

From survey results to in-store successes, it is becoming increasingly clear that consumers around the world are willing to reward companies that embrace NatureWorks PLA packaging in feeding their desire to take home fresh foods in nature-based packaging.

Studies conducted in 2003 and 2004 by market researcher Grapentine Company, Inc. asked more than 3,500 consumers in the United States, Western Europe and Japan about a number of trends in the grocery retail industry. 59 percent of European consumers ranked the concept of purchasing fresh food in clear, nature-based packaging as "very desirable." Of those, more than 72 percent are willing to pay at least 10 eurocents more for products packaged in containers made from NatureWorks PLA.

More importantly, where NatureWorks PLA packaging is in stores, shopper preference for fresh food in nature-based packaging is being replicated in the checkout line. A number of US and European supermarkets are now capitalizing on the unique appeal of the made-from-corn containers to bring attention to delicatessen bakery, dairy and produce items. These grocery retail chains are finding the packaging to be an effective marketing tool for generating increases in department and item sales.

IPER

IPER—one of the largest hypermarket chains in Italy—first launched NatureWorks™ PLA packaging in 2002 to bring new attention to its fresh food products. All 22 IPER hypermarkets now sell a broad range of produce, fresh pasta and salads, and other delicatessen items in the nature-based packaging. IPER also uses paper bread bags with film windows of NatureWorks PLA.



IPER's challenge is to drive customer acceptance of foods packaged in NatureWorks PLA by promoting the offering with a "fresh-in-natural" message: customers deserve fresh, wholesome foods in packaging that also comes from nature. Another challenge is to position IPER as an industry leader for using nature-based packaging to differentiate its fresh food products.



Cargill Dow partnered with IPER to develop a multi-level communications campaign to increase customer and industry awareness of the chain's use of NatureWorks PLA. IPER initiated an in-store advertising campaign that incorporates some creative and fun promotions to draw customer attention to the packaging:

- Banners and posters to attract customers to the fresh products in NatureWorks PLA packaging.
- Printed messages on film lids to make it highly visible to consumers.
- Leaflets explaining how maize becomes NatureWorks PLA and how it can be composted and returned to nature.
- Walking, talking ears of maize that help shoppers immediately realize there is something new and exciting in store for them. The mascots also teach customers that what looks like ordinary packaging is actually made from maize.



Cargill Dow supported the campaign with messaging and by focusing trade and consumer media efforts on IPER.

The "fresh-in-natural" marketing strategy has created strong consumer response and good sales have led IPER to expand its use of NatureWorks PLA chain-wide, as well as add new applications and uses throughout its stores. IPER continues to expand the number of food items packaged in NatureWorks PLA, most recently for its store brand Patto Qualità products.

Wild Oats

Natural-foods grocer Wild Oats Markets is also boosting its deli sales with the fresh marketing appeal of NatureWorks™ PLA packaging. The retailer debuted NatureWorks PLA in the Portland, Oregon area in June 2003, and is now using the containers in more than 100 stores in North America.

Cargill Dow and its communications team worked closely with Wild Oats Markets to develop a comprehensive employee education program as well as a targeted consumer outreach program to drive awareness of the new packaging:

- Wild Oats Markets trained staff at the regional stores with Cargill Dow assistance on how to position and sell the new packaging in stores.
- In-store promotional signage, stickers for the containers and brochures were created to capture consumer attention, enhance point-of-purchase appeal and communicate the store's commitment to the environment.

Wild Oats Markets handled media relations in the local market, while Cargill Dow provided assistance with messaging and handled national business and trade outreach.

During the Portland, Oregon launch of NatureWorks™ PLA, Wild Oats Markets saw significant customer and media interest in the new approach to fresh-serve deli items—and a notable uptrend in deli department sales. Deli transaction counts increased in the 10-week launch period, as did average deli basket size.

Deli sales at Wild Oats have jumped nearly 12 percent since the packaging debuted in stores. Additionally, Wild Oats Markets estimates that 60 percent of customers return the NatureWorks PLA containers for composting.

Using media to help drive customers to Wild Oats Markets stores was a central part of the brand campaign. Portland-area newspapers and broadcast outlets lauded the grocer for the campaign. Similar results are





being seen in other cities as Wild Oats Markets expands its use of NatureWorks PLA to new markets. National business and consumer press, such as the Associated Press, USA Weekend, USA Today, CNN and Fortune have featured Wild Oats Markets' use of NatureWorks PLA, as have numerous grocery, deli and packaging trade publications.

The Kassel Project

Cargill Dow, in association with the city of Kassel, Germany, ran the world's only pilot project for marketing and recycling of compostable packaging made from biodegradable polymers.

From May 2001 to November 2002, retail chains in Kassel sold about a dozen products in compostable packaging. Products included diapers, biscuits and confectionery wrapped in film, starch-based carrier bags that could also double-up as bio-waste bags, knot bags for fruit and vegetables, a transparent punnet (small transparent container for fruits or vegetables of specific gram and volume weights) for organically grown mushrooms, Flowpack film packaging for organically grown peppers and a type of butter packaging, party flatware and drinking cups, plants in a crystal-clear film, herb plant pots, and delicacies.

Using a new labeling system for biodegradable packaging (BDPs), all BDP packaging was marked with a hexagon for ready identification and separation by the consumers. A promotional campaign held under the motto "the sixth sense" explained the meaning of the hexagon with the compostability symbol in its centre to the 200,000-strong population. It started with house-to-house circulars, and was backed up by roadshows in public places and schools, along with notices and advertising campaigns in shops. Details of the scheme were also posted on the Internet. The cost of this promotional campaign came to about EUR 2.40 per household.



Extensive market research was performed to analyze consumers' attitude to the new packaging and the method of recycling it. By the end of the scheme, 82 percent of Kassel's population knew that the hexagon was the symbol for BDP packaging. This shows that the simple, unmistakable symbol and the back-up campaign were effective.

80 percent of Kassel's population that had bought the new products thought the quality was "high" or "very high". 87 percent said they would buy them again. Almost 90 percent approved of replacing conventional plastic packaging by compostable plastic packaging. 75 percent said they would either at least consider or definitely accept additional costs for BDP packaging.

Kassel's retailers threw their full weight behind the scheme. Although they were skeptical at the start due to logistical bottlenecks in the regional test market and the pricing of the packaging, consumer demand for the new materials soon changed their minds. With certain products, such as organically grown peppers wrapped in BDP film, the use of BDPs actually led to increased sales. One branch of a retail chain in Kassel sold more goods than in comparable regions where the selling point "BDP packaging" was missing.

"In fresh market aisles like the deli and bakery, branded packaging is an important element in creating value-added products that command interest and loyalty from customers. This is where cutting-edge packaging technology like NatureWorks PLA can give you the advantage. Nature-based packaging is a simple – yet effective – way to take products beyond commodity items, and stand out at the point-of-sale."

-- Lisa Owen, global business leader for rigid packaging, Cargill Dow LLC.

Cargill Dow's mission, built solely around sustainability, is to be the leader in producing plastics from annually renewable resources, while remaining dedicated to meeting the world's needs today without compromising the earth's ability to meet the needs of



tomorrow. NatureWorks PLA and its "natural" background influence consumer behavior when purchasing fresh food. Consumers want convenience today and that includes convenience in the produce aisle (bagged salads, already cut baby carrots, sliced & prepared fruit, etc.). However, consumers perceive prepared produce as not being as fresh versus bulk produce. NatureWorks PLA does create a "perception" that the food in the container is fresher than other food packaged in traditional plastic containers. Wild Oats has seen this perception and realized a 12% sales growth as a result, making the company a shining example of what can happen when NatureWorks PLA is used as a fresh food marketing tool.

Cargill Dow's "fresh-in-natural" marketing strategy has created strong consumer response among its partners, helping the company to act as a catalyst for helping others to operate in more sustainable ways.

More information

www.natureworkspla.com

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About the WBCSD

The World Business Council for Sustainable Development (WBCSD) is a coalition of international companies united by a shared commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress. Our members are drawn from more than 35 countries and 20 major industrial sectors. We also benefit from a Global Network of 40 national and regional business councils and partner organizations involving more than 1,000 business leaders globally.

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