



# The Consumer

## Remember When Designing Products For the Circular Economy



# Consumer HH Waste and Manufacturing are the primary contributors to Canada's Food Waste Problem and Climate Change!



- Food waste accounts for ~3% greenhouse gas emissions in Canada
- If food waste loss was its own country it would be the **THIRD LARGEST** emitter - after China and USA *Source: World Resources Institute*



# Club Coffee: Toronto Innovation for North American Consumers

Club Coffee develops innovative products and manufactures them for leading brands across North America



# Our Job:

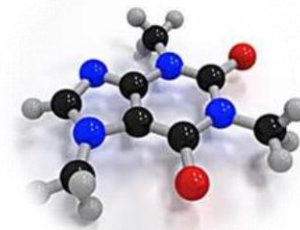
Getting  
her



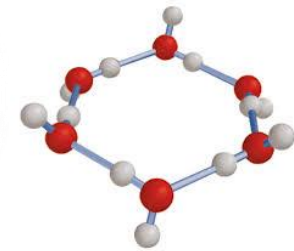
To enjoy



More of  
this



Caffeine



Water



# The consumer is about choices



# And The Consumer RULES



They make the decision to take a product off the shelf  
or click on the box to create an order

# The consumer is complicated

- They want things they can't have
- They have things they don't need
- They crave uniqueness, yet follow trends
- What they say is often not what they mean
- However, when they want what they want, they usually want it now
- And they want it... for the right price
- Marketing addresses these challenges  
but the *driver for change is Innovation*



# Single Serve Coffee

## A Game Changer for Consumers and Early Model for a Circular Economy Product



- Coffee is BIG!:
  - #2 most traded commodity behind oil
  - #1 daily consumed beverage in North America
- Over 25+ million single serve brewers in North America, led by the Keurig format
  - Household ownership ~40% (Cda); ~30% (US)
  - 28% Millennials surveyed in US only know how to make coffee with a SS brewer
- The North American Retail Coffee Market exceeded \$18+Bn (USD) in 2016 sales with ~38% US & ~50% CDN sales coming from single serve



# The Consumer Need

*4 Million K Cups per day in Canada go into the waste stream*

Placed end to end, each days usage would extend 175 Kilometers

The distance between Toronto's Union Station and the University of Guelph and back to Union Station



# In 2015 ~20Bn Plastic Single Serve cups were sold in North America ... by 2020 ~100Bn+ in landfill

**Keurig coffee share grows; so does environmental controversy**

CRISIS

Recyclable KCups not until 2020!

March 23: New recyclable "KMug" launched limited to K2.0 brewer

Coffee pods: The new eco-villain

**John Sylvan, K-Cup Inventor, Regrets That He Came Up With The Coffee Pod**

*K-Cup Inventor Compares Invention to 'Cigarettes for Coffee'*

9 to 13 billion plastic K-cups hit landfills last year!

**KILL THE K-CUP BEFORE IT KILLS OUR PLANET**

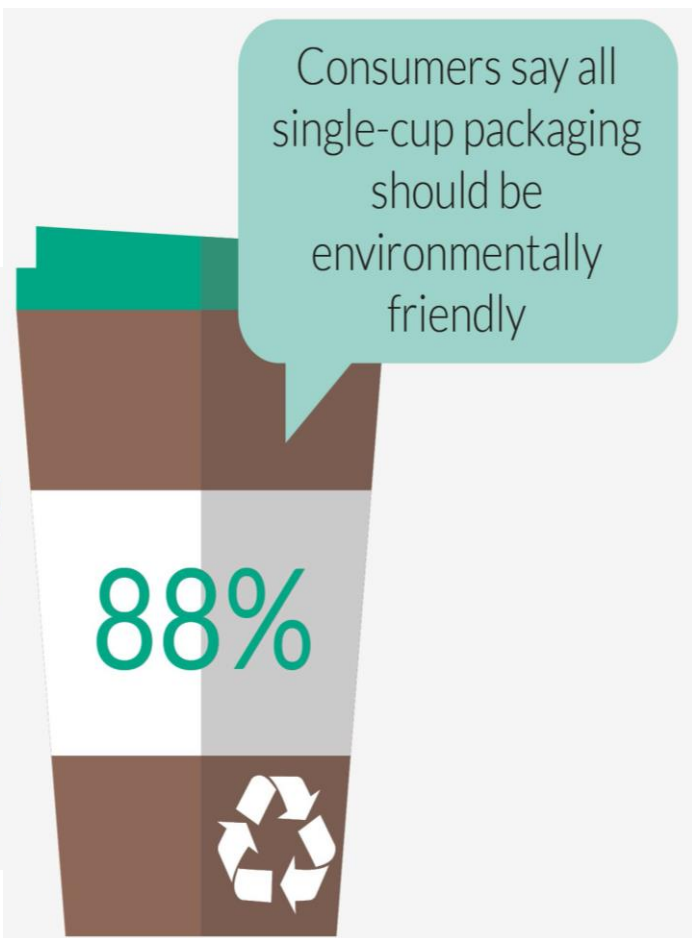
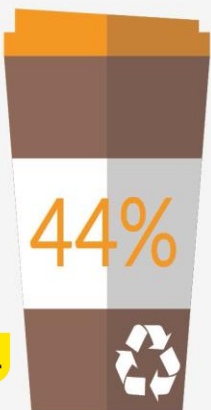


# Consumers want a Better Solution

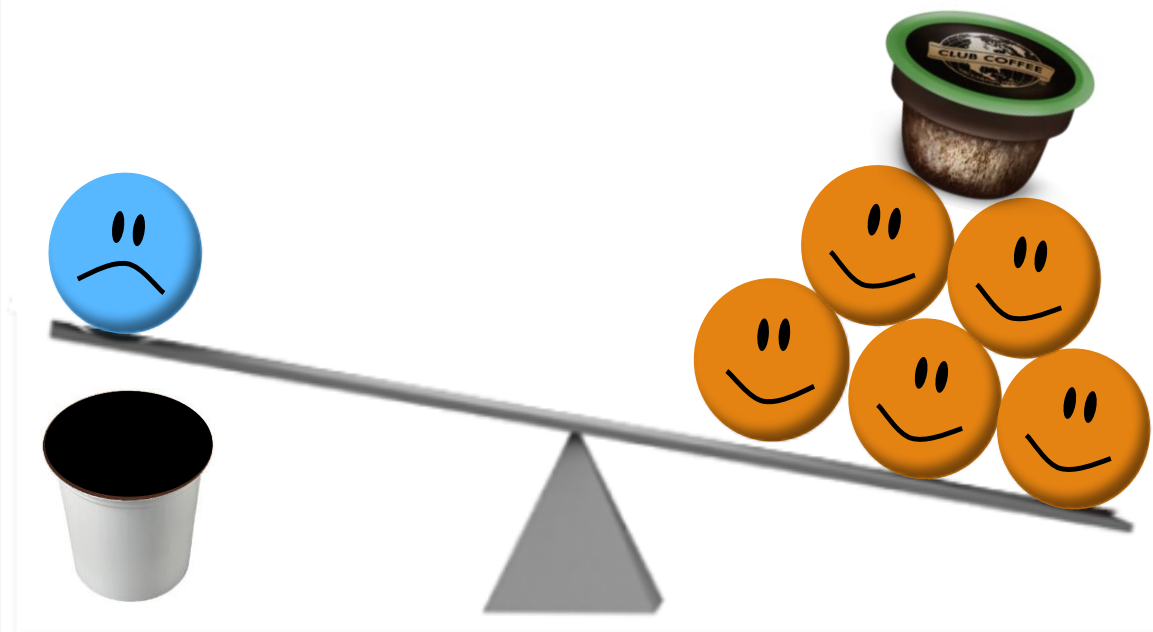
## We have reached a Tipping Point!

Consumers are drinking single-cup coffee less often because of its environmental impact

**Mintel**



Consumers say all single-cup packaging should be environmentally friendly





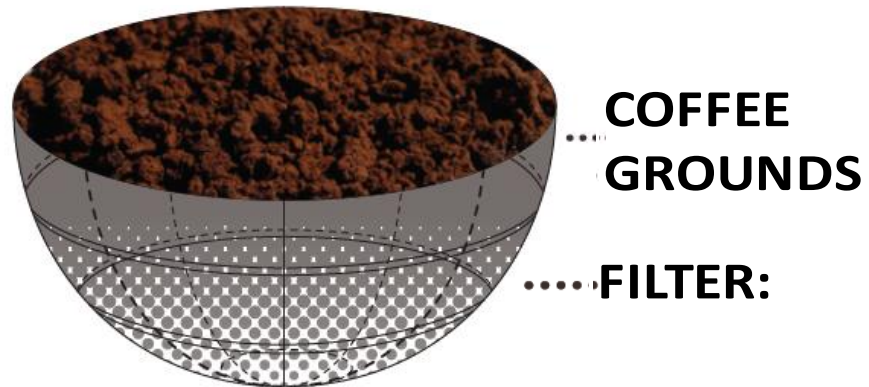
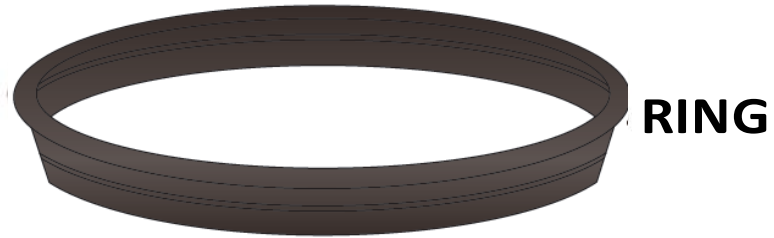
# The World's first 100% Certified Compostable Coffee





# Our Solution

## World's First BPI Certified 100% Compostable Pods



- ✓ Each component : Lid/Inks, Ring and Mesh Filter are designed to break down in commercial composting requiring **NO SEPARATION!**
- ✓ Made from renewable Bio-based materials vs. Petroleum based
- ✓ Working with academia (University of Guelph/BDDC) to develop a unique ring made with coffee chaff
- ✓ BPI tested and Certified meeting ASTM 6868 standards, ensuring good quality compost!
  - Disintegration in weeks
  - Passed Biodegradation Testing
  - Passed Biototoxicity Testing
- ✓ Composter field and contamination testing with various composters/processes including Cedar Grove in Seattle

PurPod 100™



**COMPOSTABLE**

For collection in municipal programs,  
where approved. Pour la collecte dans les  
programmes municipaux, où approuvés.

CERT # 10528537

# Certified 100% Compostable: Delivering the Right Solution to Single Serve Waste and Beyond!

**Delivering convenience and consistent quality**



**that enhances the consumer experience !**



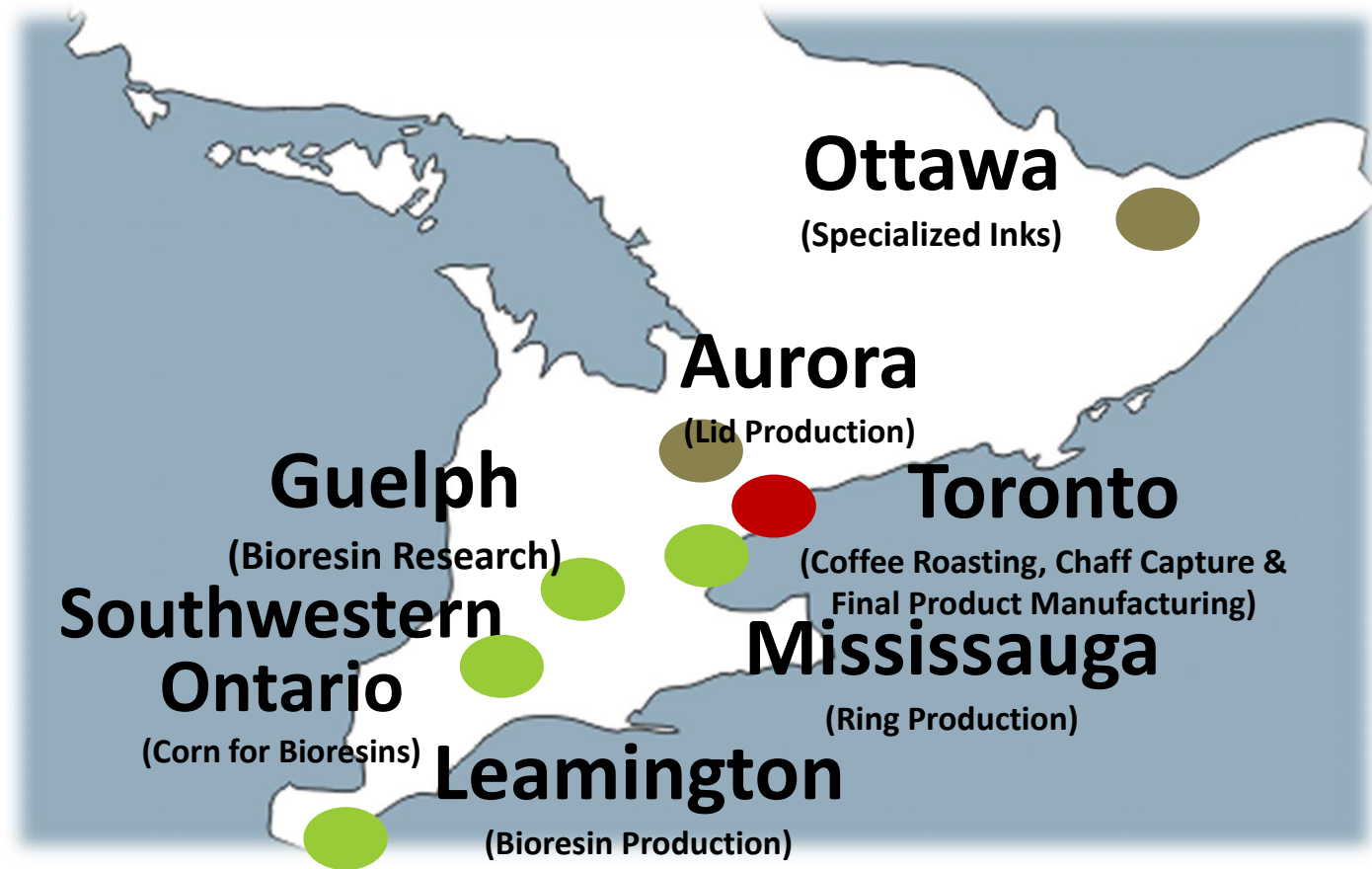
**guilt free...**



# A Made-in-Ontario Compostable Success Story



**PURPOD100™ Manufacturing  
(Final Product)**



**Ontario corn, miscanthus grass and other crops are  
key inputs for compostable substances and products**

# Finding the Right Solution to Single Serve

## Biodegradable?



- No standardized testing & certification
- “Biodegradable” claims are not accepted by government regulators, however they are not always enforced

## Recyclable?



- Consumers are required to separate hot pods → not convenient and potential coffee contamination
- Only 10% is theoretically recyclable → too light and small to be processed

## Certified 100% Compostable ✓



- 100% Compostable Claim
- Convenient and consumer friendly solution, no separation/easy clean up
- Diversion of food waste from landfill



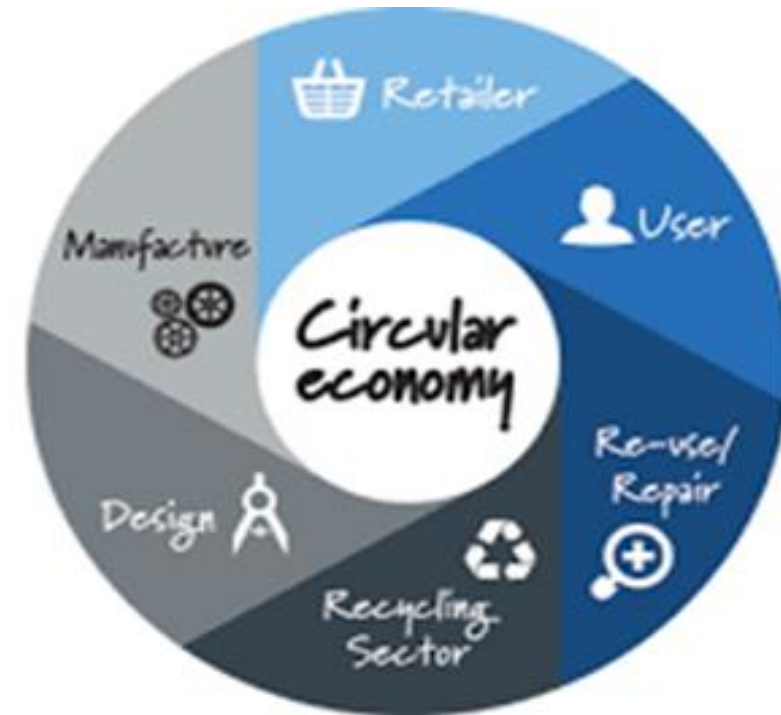
# Climate Change & Waste Reduction Benefits

- Club Coffee will divert 100 tonnes of coffee chafe waste back into packaging in 2017
- Single serve delivers 23% fewer greenhouse gas emissions than drip-brewed
- Making all single serve coffee compostable – same as cutting the GHG emissions of 33,000 Canadians
- Compostable Pods will help divert over 100,000 tonnes of pod waste go to landfill each year, in US & Canada



# Identified as a Major Example of the Ontario Shift to a Circular Economy

- ✓ Environment Minister Glen Murray a major supporter of our compostable pod as an example of Circular Economy Thinking
- ✓ Has mentioned it in many public events and in the Legislature
- ✓ Sees it as part of positioning Ontario as a leader in compostable innovation, good green jobs and investment



**COMPOSTABLE**

For collection in municipal programs,  
where approved. Pour la collecte dans les  
programmes municipaux, où approuvés.

CERT # 10528537

# How To Get Consumers to Change

---

Work with the brands they trust to deliver products that are designed for the circular economy

And in Canada, we have a Brand Owner who is sympathetic to this vision and demonstrates leadership in sustainability

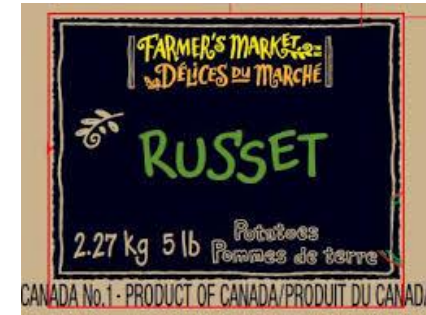
Loblaw



# Loblaw Brands Limited

Manages Canada's  
Leading Consumer  
Brands

- # 1 President's Choice
- # 2 No Name
- # 5 Farmer's Market
- # 10 Life Brand (Health & Beauty Aids)
- Over \$12 Billion in sales
- 10,000 food items







Canada's Number 1  
Consumer Packaged  
Goods Company

Outsources  
Manufacturing and  
Innovation to Trusted  
Partners

## Loblaw Brands Limited

- Commercialization Powerhouse
  - Consumers expect innovation from them
  - Launched more food innovation in Canada in past 25 years than everyone else combined
    - Products
    - New Categories
    - Sustainable Products
- Principled Stands on Food & Packaging
  - Driven by a very deep commitment to CSR & the consumer
  - PC Organics, sustainable seafood, Free From meat products; PC Baby
  - PC Green; Plastic Grocery Bags
  - No artificial flavors or sweeteners
- Powerful Force in Food Manufacturing
  - Hundreds of small, medium and large suppliers; most are Ontario-based
- Largest funder of Product Stewardship in Canada



## Example of Loblaws Leadership

Galen Weston Calls Out  
Compostable Pod  
Innovation  
At  
Loblaws Annual General  
Meeting

May 5, 2016



**Jointly Developed the Worlds First  
100% Compostable Single Serve Coffee Pod in Canada**

**Model of collaboration between Academia, Manufacturing  
and Retail to serve a consumer need**

# The Consumer Challenge; Understanding the Product End of Life Cost



- The Consumer has adapted well to the use of recycling / composting systems
- Has little or no understanding of the true cost of end of life segment of a circular economy
- Puts little value on it, thus will not likely pay a premium for it on the shelf
- Are also taxpayers and voters, so they want to avoid paying for it directly

# The Consumer Challenge; Packaged Goods as a source of greenhouse gases



The Consumer Links Energy Production & Consumption to Greenhouse Gas Emissions

They aren't yet linking the impact of Packaged Goods, especially from landfills



So they don't yet see value in reduction yet via composting

That is our challenge to get them to understand this



# Perspective

---

- This is a journey, look how far we have come
- There is progress, Pur Pod 100 is an example
- Thanks to Dr Mohanty and the BDDC for continuing to provide thought leadership and breakthrough product innovation