

## PACKAGING INITIATIVE

### **Introduction**

At USANA, we intend to reduce extraneous packaging and shipping material from our products and our operations. When designing this initiative in early 2011, we identified the Essentials Green program as a key way to do so. In 2012, we added a second prong to this initiative in the form of shipper elimination.

### Essentials Green

In 2010, our customers had the opportunity to purchase our flagship product, the Essentials, without its customary box. Customers increasingly chose this “Essentials Green” option such that at the end of 2010, 26% of all our Essentials sales were for the version without the box. Our goal was to increase the adoption rate and save an additional 4 tons a year of packaging material. USANA's environmental management team collaborated with the Research & Development and Marketing departments to investigate switching all current US subscribers to Essentials Green as a default, while still allowing them to switch back to the boxed version if desired.

We had planned to hire a packaging engineer to help us to further reduce the amount of packaging we use across our line, but this position was not approved.

### Shipper Elimination

As our goal is measured in metric tons of packaging saved, we felt it appropriate to add our shipper elimination effort to this initiative. While it does not reduce the amount of Essentials boxes used, it does reduce corrugated cardboard purchased and disposed of by USANA. We discovered that our suppliers send us packaging materials in corrugated shipper boxes that would work very well for our shipments of finished goods to USANA warehouses in other markets. By repurposing these boxes as finished goods shippers, and by eliminating the use of shippers altogether where pallet wrap will suffice, we anticipated eliminating the need for 16,235 boxes a year. In conjunction with the Essentials Green initiative, our goal was to eliminate the need for 6 tons of packaging material annually in 2011 and 2012.

### **Project Type**

This initiative falls under the Core Project category of solid waste reduction through the reduction in packaging and shipping materials sent to customers.

### **Environmental Benefit**

The project will reduce the total solid waste generated by our operations and sales of USANA products. Though our intended reduction only represents a small fraction of total landfilled waste in the state, we believe that marginal environmental improvements are a significant starting place. Furthermore, we

believe that a reduction of total waste (landfilled and recycled) also has an impact on air quality issues associated with the energy used to transport and recycle waste materials. Utah's environment will directly benefit from the reduction in wastes generated by USANA's packaging operations and the hundreds of thousands of orders placed by our Utah customers during a year.

### **Measurement and Monitoring**

Our goal was to eliminate the need for 6 tons of packaging material annually in 2011 and 2012. We anticipated meeting a portion of this reduction through the Essentials Green initiative. Customers purchasing Essentials Green helped us save 21 grams of paper packaging per unit sold. In 2010, that totaled 1.9 metric tons of packaging through Essentials Green sales. The number of Essentials Green sold increased in 2011 and 2012, yielding a packaging savings of 2.7 and 2.8 metric tons, respectively. We are pleased with this improvement, but we anticipate greater improvement in 2013.

We expected to make up the remainder of our packaging savings goal by repurposing the boxes in which our product bottles were shipped to act as international shipper boxes. We attempted this in 2013, but the boxes turned out to be unsuitable for use as shippers. The finished good bottles we loaded into them did not fill the box to the top, and as a result, many of the repurposed boxes were crushed when loaded onto a pallet for shipment. We quickly determined that the boxes could not be repurposed as shippers. Consequently, we did not meet this element of our goal.

To resolve this issue, it was determined that the boxes could not be repurposed as shippers. To retain some packaging savings, we will replace the double-walled shipper we currently use with five different single-wall boxes that are cut to exactly the right size for the bottles being shipped.

### **Indicators**

Targeted Indicator: Metric tons saved

Baseline year: 2010

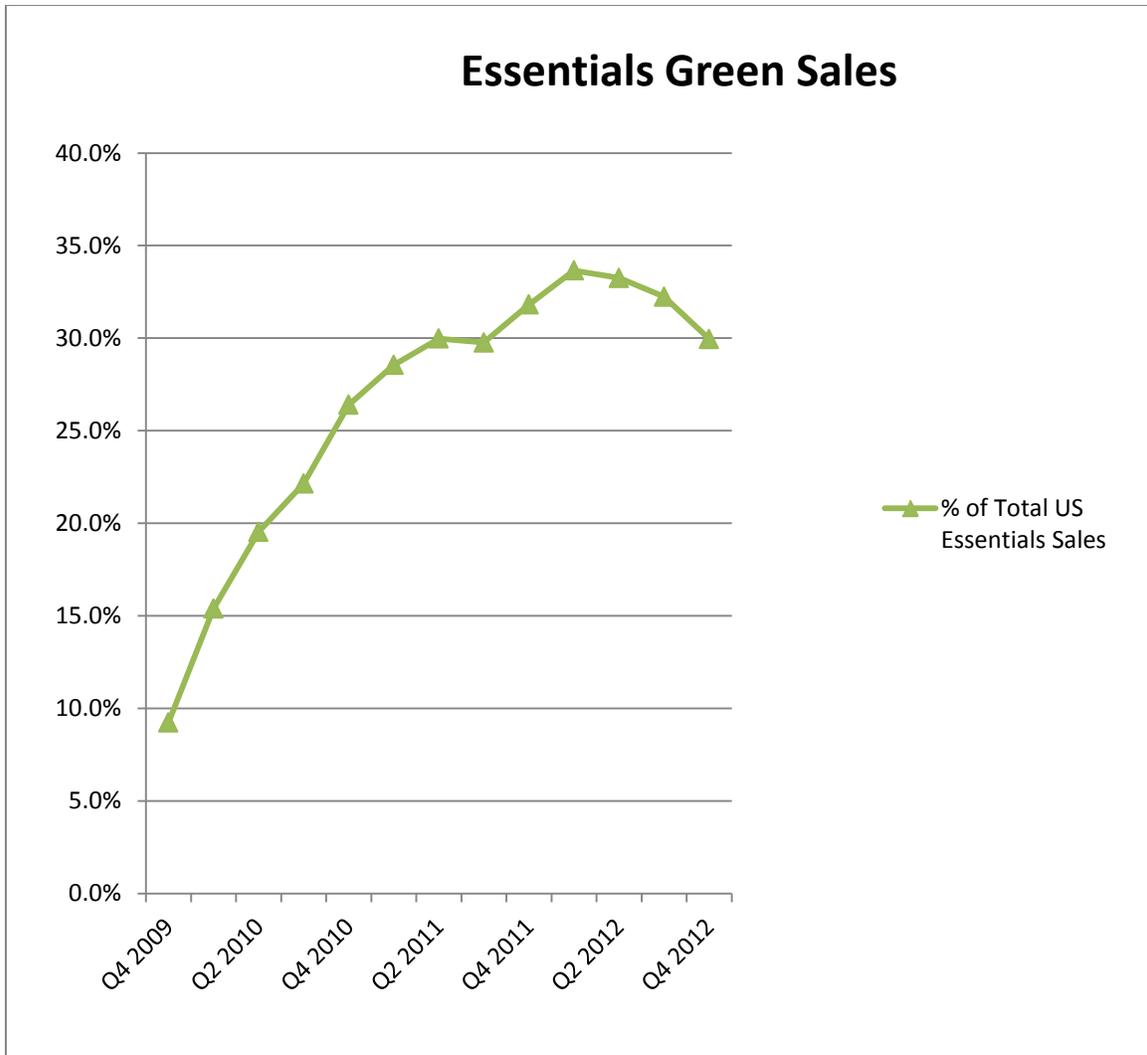
Baseline total reduction: 1.934 metric tons

Targeted and Annual reduction: 6 metric tons

Target year to reach this goal: 2012

2011 reduction: 2.716 metric tons

2012 reduction: 2.823 metric tons



### Public Participation

Public participation was crucial; we wanted our customers to accept our switch to a no-box option without alienating the customers or having them switch back to the boxed form, and that will require outreach. In 2011, we posted<sup>1</sup> to our corporate blog about the Essentials Green, inviting customers to participate. We also highlighted Essentials Green in the office tour of our facility during our August 2011 international convention. While this was largely successful through the 2<sup>nd</sup> Quarter of 2012, when we rebranded our Essentials, about 10% of our Essentials Green customers switched back to the boxed Essentials. One possible reason for this is that customers wanted to see the boxed version of the new product. It will require further customer outreach to regain those former Essentials Green purchasers.

<sup>1</sup> <http://whatsupusana.com/2011/07/essentials-green-keep-the-essentials%C2%AE-skip-the-box/>