



Plastic Check-out Bag Use In Non-supermarket Retail outlets

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Reducing Plastic Check-out Bag Use in Non-supermarket Retail outlets

Executive Summary

20 million Australians use an estimated 6 billion plastic check-out bags every year.¹

Whether it's inadvertent or deliberate, plastic bag litter creates many problems. Bags get caught in fences and median strips. They end up blocking drains and trapping birds. When eaten they can kill livestock. In the marine environment, plastic bag litter is lethal, killing thousands of whales, turtles and other sea life every year.

However, the impact of plastic bag litter isn't just environmental. Picking up litter costs local authorities and State governments approximately \$200 million a year². Cleaning up plastic bag litter is also a significant cost for operators of landfill sites.

After a well-targeted campaign by government, industry and environment groups, the supermarket industry appears to have reduced their usage of plastic bags by over one billion units in the past twelve months³.

As a result of this, 55% of the plastic bags used in Australia are now being given away by non-supermarket retail outlets (N-SR Outlets).⁴

Under the Australian Retailers Association (ARA) *Code of Practice for the Management of Plastic Bags*, the ARA and the Environment Protection and Heritage Council (EPHC) have agreed to halve the use of HDPE plastic bags by the end of 2005. If we are to achieve this reduction target, then it is vital that the non-supermarket retail sector (N-SR Sector) becomes fully committed to the code.

Our research showed that this commitment is not guaranteed. Of the 202 non-supermarket retailers who were asked to participate in this report, 73 retailers (36%) failed to respond or refused to participate, despite the fact that all 73 were contacted at least 5 times.

On the other hand, there is reason to be optimistic. The best role models to date for plastic bag reduction have come from the N-SR Sector. By implementing plastic bag bans or charges, companies like IKEA, Bunnings, Red Rooster and Nando's have achieved plastic bag reduction levels far in excess of the supermarket industry. However, this success has not been replicated across the entire N-SR Sector.

This can be attributed to a number of causes.

¹ The ARA 'Mid-2004 Interim Progress Report' shows that plastic bag use from January 1 to June 30 was cut by 29 per cent, or half a billion, in major supermarket outlets. Extrapolated over a year, we have estimated a bag reduction of one billion plastic bags. Our 6 billion bag estimate is arrived at by deducting this figure from the Nolan ITU December 2002 estimate of 6.9 billion plastic bags.

² Source: Plastic Shopping Bags – Analysis of Levies and Environmental Impacts – Nolan ITU Pty Ltd, December 2002

³ See footnote 1 above.

⁴ Source: Australian Retailers Association 'Mid-2004 Interim Progress Report'.

With almost 200,000 N-SR Outlets in Australia⁵, our research suggests that there are potentially tens of thousands of these outlets that are not part of any industry association (such as the ARA or their counterparts). This is a major factor given that a key plank of the ARA's promotion of the *Code of Practice* is to sign-up N-SR Outlets through other industry associations⁶.

Indeed, 62% of the retailers who took part in our survey could not confirm whether they were members of an industry association or not. Additionally, some of the industry associations we spoke to don't represent all of the retailers in their category. One industry body confidentially told Planet Ark that they do not even have the resources or the means to contact most of their members.

This could explain the lack of retailer awareness about the ARA agreement to reduce HDPE plastic bag use by 50% by the end of 2005. Despite extensive publicity about the agreement, 47% of the retailers we questioned did not know about it.

60% of retailers who gave away free plastic bags said they train staff to ask customers whether or not they would like a plastic bag with their purchase. Given that an August 2004 Roy Morgan study showed that 93% of Australians were concerned about the impact plastic bags have on the environment, increased efforts in this area could reap significant results.

51% of the retailers we questioned said cost was the reason why they used plastic bags. 46% said it was a habit. 43% also stated that convenience was a reason. Retailers who are not ordering plastic bag alternatives also said it was due to cost (40%)

The N-SR Sector is characterised by "impulse buying". Thus the likelihood of shoppers bringing a reusable bag is not as high as it is for supermarkets. As a result, in some parts of the N-SR Sector (such as the fast-food sector), major reductions in total bag usage may not be achievable. In this instance, a more sustainable single use alternative, such as paper or truly biodegradable/compostable bags, would be more suitable.

The fact that all distributors surveyed stock well-priced plastic bag alternatives that retailers can purchase in small quantities reveals that the onus of plastic bag reduction in the non-supermarket retailer sector lies with the retailers themselves. The only minimum order cost issue that arises is when N-SR Outlets want to print their own logo or name on calico, paper or 'green' bags.

There has been significant growth in the N-SR Sector of so-called 'degradable' bags. These bags are the biggest selling plastic bag alternative for all surveyed distributors. This increase gives cause for concern. Samples of 'degradable' bags obtained from retailers had various environmental claims that we believe to be questionable and potentially misleading.

A leading retailer confidentially told us they had a well known 'degradable' bag tested and the results gave rise to significant concern as to whether these 'degradable' bags will properly degrade or biodegrade in Australian conditions. New standards are urgently needed here.

As with the supermarket industry, a well targeted campaign by Government, industry and environment groups should result in substantial plastic bag reductions in the non-supermarket national retail chains. These chains have centralised bag policies implemented at the national level and therefore have an ability to effect change across many outlets.

⁵ Plastic Shopping Bags – Analysis of Levies and Environmental Impacts – Nolan ITU Pty Ltd, December 2002

⁶ See Appendix 1

Consequently, immediate bag reductions could be obtained where role model leadership is already being shown. Bunnings have led the way for other hardware stores to follow; Nando's and Red Rooster have done the same for takeaway food outlets; Country Road have set a role model for clothes stores; The bag reduction successes by these national chains have raised the bar that other retailers must match.

Retailers in those towns that have gone plastic bag free have also set bag reduction role models for all non-supermarket retail sectors. Bakers, newsagents, chemists, service stations, liquor shops, clothing stores, cafes and takeaways are just some of the outlets within these towns that have done away altogether with plastic check-out bags.

Significant reductions in plastic bag usage by certain N-SR Outlets is achievable in the short term. However, given the constraints of communicating with almost 200,000 N-SR Outlets, a real threat of government regulation may be the only way of engaging all retailers in the N-SR Sector to achieve an across the board 50% reduction in plastic bag usage.

Key Recommendations

- More needs to be done to raise awareness of the ARA Code agreement – almost half (47%) of the retailers questioned do not know of it.
- A 50% drop in plastic bag usage across the whole N-SR Sector by the end of 2005 may only be achieved with a well-funded ARA Code sign-up campaign that directly communicates with tens of thousands of smaller retailers. An in-depth study of each retail sector (in partnership with the relevant industry associations) is one way to devise strategies to achieve such reductions.
- Focus initial bag reduction efforts on national N-SR Outlet chains within retail sectors where adaptable bag reduction role models already exist.

There needs to be a communications campaign directed at the takeaway food sector highlighting the plastic bag free role models set by Nando's, McDonalds, Burger King, Wok on Inn and others.

Within the hardware sector, all hardware stores should be encouraged to match the plastic bag reduction success of Bunnings. Bunnings hardware stores have reduced plastic bag usage by 73% and in one year have stopped the use of 21 million plastic bags. They have also sold hundreds of thousands of reusable bags and have raised money for charity by charging 10 cents for each plastic check-out bag sold.

Other national N-SR Outlets that have not initiated plastic check-out bag reduction policies could be publicly encouraged by Environment Ministers to adopt the plastic bag reduction initiatives that have been successfully implemented by their competitors.

- We need to communicate directly to smaller retailers through the mass media or via direct mail. The ARA should not rely on Industry Associations to effect communication about the Code to smaller retailers. 62% of non-supermarket retailers questioned could not confirm whether they were a member of an Industry Association or not.
- Truly biodegradable starch-based bags (as determined by the forthcoming Australian standards) may need to be introduced for circumstances where reusable bags are not satisfactory and single-use bags are still preferable e.g. liquid content takeaway food.

- LDPE bags should be included in the Code. The fact they're not leaves an 'out' for some N-SR Outlets to ignore the Code (which is working when it comes to Group One Retailers but which is failing when it comes to recruiting those in Group Two).
- LDPE bags use 3 to 6 times more plastic by weight than HDPE bags and are more durable as a result. Given that 900 million LDPE bags are used in Australia every year, N-SR Outlets should be encouraged to replace these more expensive plastic bags with Australian-made paper bags – particularly in the retail clothing sector.
- Consider what financial incentives could encourage N-SR Outlets to reduce bag use.
- Fund the expansion of the 'Plastic Bag Free Towns' program to expand the number of and range of non-supermarket retail outlets that are completely plastic bag free.
- Governments should reiterate that they are serious about a mandatory solution if the non-supermarket retail sector industry doesn't achieve the set targets.

Key Education Recommendations

- Our research has highlighted the need for an advisory service for N-SR Outlets, which educates retailers about the many ways that they can reduce their usage of plastic bags.
- Training needs to be improved for those staff that are responsible for procuring plastic bags and their alternatives. Our research found retailers who are paying more than they need to for plastic bag alternatives. We also found that education about reusable bag quality control issues is also needed for those personnel who are buying such bags.
- Increase awareness amongst retailers of the money they can save by not buying plastic check-out bags. Every bag a retailer doesn't give away will save them money.
- More needs to be done by the ARA to subsidise, promote and disseminate the Clean Up Australia Retailers' Training Kit.
- Training of staff at the check-out needs to be improved - the most immediate bag reduction action that non-supermarket retailers can implement is to ask customers whether they want a plastic bag or not with their purchase.
- Make industry associations and retailers aware of the bag reduction retail role models available at the www.planetark.com/retailers web site. The website also lists suppliers of cost-effective alternatives to plastic bags.
- Some distributors told us that more public awareness was needed to drive wholesale and retail sales of plastic bag alternatives. Planet Ark believes a paid TV ad campaign is required to achieve this, especially if it's to generate sufficient sales cut-through in the N-SR Sector.

Such a campaign would need to be backed up by better in-store promotion of plastic bag alternatives, particularly near the till.

Background

20 million Australians use an estimated 6 billion plastic check-out bags every year. That so few people can use so much plastic says a lot about the wasteful habits of today's Australians.

Over the past year, there has been a huge shift in society's attitudes towards plastic bags. An August 2004 Roy Morgan study showed that 93% of Australians were concerned about the impact that plastic bags have on the environment. As a result, many millions of reusable 'Green bags' have been bought from major supermarkets in the past 12 months⁷. Early projections estimate that one billion less plastic bags will have been used as a result.

As a result of this push by major supermarkets, current estimates are that plastic bag usage has fallen from 6.9 billion to just under 6 billion per annum. However, in the 'big picture' of the effort to reduce plastic bag usage in Australia, what has been achieved so far with the major supermarket chains is the relatively easy part.

The major supermarkets are in a position to effect plastic bag reductions rapidly and relatively simply. Most of those stores are company owned and controlled with a centralised Head Office making policy and purchasing decisions which facilitate measurable outcomes across thousands of stores.

Furthermore supermarket visitation is often described as 'destination shopping'. That is, it is pre-planned and therefore more likely to promote the habitual use of reusable bags. Indeed, the success shown by Coles, Woolworths and Safeway in their 'Green Bag' sales and the subsequent reductions in their plastic bag usage is testament to that fact.

The non-supermarket sector, however, is a very different 'kettle of fish'.

Of the estimated 6 billion plastic check-out bags currently in use every year, more than half of them have been given away by Australia's non-supermarket retail outlets⁸. The latest available figures indicate that the Non-Supermarket Retail sector uses 3.23 billion plastic bags every year⁹.

This usage is broken down as follows:

Sector	Annual Usage in Millions	Percentage
Food & Liquor	930 m	28.7%
General Merchandise & Apparel	960 m	29.7%
Fast Food, Convenience Stores & Service Stations	350 m	10.8%
Other Retail	990 m	30.6%

⁷ Sources: ARA, Coles and Woolworths

⁸ Source: Australian Retailers Association 'Mid-2004 Interim Progress Report'.

⁹ Source: Plastic Shopping Bags – Analysis of Levies and Environmental Impacts – Nolan ITU Pty Ltd, December 2002

The primary plastic bags used in the non-supermarket retail sector are 'singlet' bags, made of high density polyethylene (HDPE) and 'boutique' style bags, made of low density polyethylene. Many of these bags end up as litter or as waste in landfill sites.

If we are to halve our usage of plastic bags by the end of 2005, it is vital that the N-SR Sector become fully engaged. Our research, however, showed that this commitment is not guaranteed. Of the 202 non-supermarket retailers who were asked to participate in this report, 73 retailers (36%) failed to respond or refused to participate, despite the fact that all 73 were contacted at least 5 times.

The reluctance to embrace the issue is partly driven by the fact that the N-SR Sector is a very disparate group of retailers, encompassing nearly 200,000 retail outlets¹⁰, across scores of categories that may or may not have industry associations.

The N-SR Outlets that have experienced the largest bag reductions to date have all been part of national chains that have national bag policies devised and implemented at a national level. These role models are detailed further into the report. As with supermarkets, a well targeted campaign by Government, environment and industry groups should result in substantial plastic bag reductions by these types of outlets.

N-SR Outlets who are part of smaller chains also have the potential to devise bag policies across the group. Retailers who are part of industry organisations too have the potential to partake in industry-wide bag reduction initiatives.

Our research, however, suggests that there are potentially tens of thousands of these outlets that are not part of any industry association (such as the ARA or their counterparts).

Indeed, 62% of the retailers who took part in our survey could not confirm whether they were members of an industry association or not. Additionally, some of the industry associations we spoke to don't represent all of the retailers in their category. One industry body confidentially told Planet Ark that they do not even have the resources or the means to contact most of their members.

This could explain the lack of retailer awareness about the ARA agreement to reduce HDPE plastic bag use by 50% by the end of 2005. Despite extensive publicity about the agreement, 47% of the retailers we questioned did not know about it. The following report seeks to find ways to remediate this situation and details the findings of our research.

¹⁰ Source: Plastic Shopping Bags – Analysis of Levies and Environmental Impacts – Nolan ITU Pty Ltd, December 2002

N-SR Outlets and the ARA Code of Practice for the Management of Plastic Bags

The following has been summarised from the ARA's published information.

Further to an agreement with the Environment Protection and Heritage Council (EPHC), the Australian Retailers Association (ARA) has adopted the *ARA Code of Practice for the Management of Plastic Bags*.

- a) The Code commits retail signatories to the following key target –
To reduce the number of HDPE (high density polyethylene - single use and lightweight) plastic bags issued by 25 percent by the end of 2004, and to target a 50 percent reduction by the end of 2005.
- b) Signatories to the code are divided into two primary groups. Group One retailers include major supermarkets and chain members. Group Two retailers are defined by the ARA as:

All other retailers using lightweight HDPE bags (e.g. convenience stores, takeaway food outlets, liquor stores, chemists, newsagents, hardware stores, clothing and general stores).

The ARA gave a commitment to the EPHC to campaign strongly to enlist as many non-ARA Group Two / N-SR Outlet retailers as possible. The ARA promoted the Code through its networks, but as of June 2004, reported that there was a limited sign up of only 92 Group Two / N-SR Outlet retailers. Given that there are nearly 200,000 retailers in Australia, this is a disappointing result.

The ARA requires Group Two / N-SR Outlet retailers to support the code by implementing the following minimum Group Two initiatives. The ARA defines these as follows:

1. Train staff to support the Code's aims (e.g. to pack more items per bag and to question the need for a bag where appropriate).
2. Sell reusable bags in their stores (if practicable).
3. Let customers know the store is a Code signatory and supports the Code's aims (e.g. through customer communications and by displaying the Code certificate).
4. Make information available to customers about how they can participate (e.g. encourage them to reduce the number of bags they use, to use reusable bags and recycle bags etc).
5. Provide recycling bins if practicable.
6. Provide recycled content bags if possible.
7. Provide the ARA with figures on the number of bags they purchased in 2003, 2004 and 2005, to be used as part of industry reporting.

Group Two Reporting requirements

Group Two N-SR Outlets are required to submit annual reports to the ARA using a reporting checklist, which is provided by the ARA.

Group Two retailers are not required to be independently verified. However, the ARA requested that they be signed off by management to indicate that the information contained is correct.

Group Two N-SR Outlets are required to submit details on the number of HDPE bags they purchase in each year. From this data, the ARA will calculate the reduction rate using industry sales growth figures to adjust for growth, and will report on Group Two N-SR Outlet results in aggregate to Government and the public.

The Code refers to a reduction in 'bags issued'. For Group Two N-SR Outlets, bags issued will be measured as 'bags purchased' from suppliers, as data for 'bags purchased' is most readily available and least costly to obtain. The total number of bags purchased are to be obtained from suppliers' invoices, or company inventory or ordering records.

Group Two N-SR Outlets are scheduled to report on the number of bags they issued in the previous year by the end of February in 2005 and 2006. As of March 8th, these initial results were not available from the ARA to be included in this report. Without this information, Planet Ark is not able to offer a viewpoint as to the success or not of the Code's Group Two initiative to this point.

Planet Ark also notes that the Code does not include any target for reducing the 900 million LDPE plastic bags used in Australia every year – a significant amount of which are used by N-SR Outlets.

The Research Study

Definition of Plastic Bags

For the purpose of this report, Planet Ark adopts the Nolan ITU definition of a 'plastic shopping bag' as being a single use polymer carry bag provided or utilised at the retail point of sale for carrying and transporting retail goods.

This includes all plastic retail carry bags, but excludes produce bags used in-store, dry cleaning bags, garbage bags and other primary product packaging.

The primary plastic bags used in the non-supermarket retail sector are two types of single use 'singlet' bags:

1. high density polyethylene (HDPE) bags; and
2. 'boutique' style bags, made of low density polyethylene (LDPE).

Methodology

Between October 8th, 2004 and February 18th, 2005 Planet Ark contacted 202 retailers and 12 distributors to take part in a non-supermarket retailer survey investigating the use of plastic check-out bags and plastic bag alternatives.

Retailers in 43 retail sectors that use plastic check-out bags were asked to participate in the survey. The selections of retail sectors chosen for interview were made in conjunction with the Australian Retailers Association and the Department of the Environment and Heritage.

Each retailer was asked a series of up to 12 questions and each distributor was asked 11 questions. Not all retailers responded to all questions.

- A total of 129 retailers took part in the survey. 96 retailers completed the survey in full and a further 33 retailers gave input and made comments on specific parts of the survey.
- All 129 retailers were asked questions 1, 2, 3 and 4 and 11 and 12.
- Only retailers who answered "yes" to Question 3 (i.e. "do you provide free plastic bags at the check-out?") were asked to answer Question 6.
- Only retailers who answered "yes" to Question 4 - "do you provide any plastic bag alternatives for customers?" (94 respondents) - were asked to answer Question 5. Only retailers who answered "no" to Question 4 (35 respondents) were asked to answer questions 7, 8, 9, and 10.

Participation Results

The results of this survey show that a total of 129 retailers took part:

96 retailers out of 202 retailers contacted (48%) completed the survey in full.

A further 33 retailers out of 202 retailers contacted (16%) gave input and made comments on specific parts of the survey but did not complete the survey in full.

Despite repeated attempts to contact them, 73 retailers (36%) either failed to respond to the questionnaire or refused to participate. This is despite the fact that Planet Ark's research staff personally contacted all 202 retailers on at least five occasions.

7 distributors out of 12 distributors contacted completed the survey in full.

5 distributors either failed to respond to the questionnaire or refused to participate. This is despite the fact that Planet Ark's research staff personally contacted all distributors on at least five occasions.

A complete copy of the results from both the retailers and distributors survey can be seen in Appendix A and Appendix B.

The Survey – Key Results

- 1. Sector by sector, the study will identify non-supermarket retailers who are or are about to go plastic-bag-free (or have reduced their usage of plastic bags), to see which ones can act as role models for other retailers to follow.**
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Findings

- 94 out of 129 retailer respondents (73%) said that they are offering plastic bag alternatives at the check-out.
- Of the 202 retailers approached to take part in this survey, these 94 retailers represent only 46% of the retailers that were contacted by Planet Ark.
- 35 out of 129 respondents (27%) do not provide plastic bag alternatives.
- 10 out of the 35 retailers (29%) who stated that they do not currently offer plastic bag alternatives are thinking about starting to offer reusable bags to their customers.

Analysis

On the one hand, there is reason to be optimistic. From our survey, the majority of retailers have indicated that they either currently stock plastic bag alternatives or they are considering stocking them for their customers. Coupled with the fact that the best role models for plastic bag reduction to date have come from the non-supermarket retail sector, this is promising.

Some chains such as Nando's, Accessorize, Country Road and Lush cosmetics have managed to ban plastic bags entirely (IKEA have also banned them in some major stores). Bunnings and IKEA have reduced their use by up to 85% by introducing a charge on plastic check-out bags and others such as Red Rooster have halved their use. Stalwarts like McDonald's have always used paper bags during their thirty years of trading in Australia.

However, our research has shown that within the wider non-supermarket sector, there has been a reluctance to embrace the issue as effectively as is needed. As a result, plastic bag reductions in the N-SR Sector are not occurring as markedly as in the supermarket industry.

Target specific retail sectors – pick the low hanging fruit

Some competitors to the above companies have yet to match their leadership in reducing plastic bag use.

KFC have an outlet that's nearly plastic bag free in Bondi, but this stands in contrast to their competitor Nando's who are plastic bag free across all of their outlets. The question should be asked as to why Kentucky Fried Chicken are still using plastic bags, when their main competitors, Nando's and Red Rooster have swapped to using so many paper bags? Indeed, Red Rooster actually found that "the holding times and quality of their food were far superior in paper bags to that obtained in plastic bags".

Given the leadership of McDonald's, Burger King, Hungry Jacks, Nando's, Red Rooster and Wok on Inn in the takeaway food sector, there is great potential to shift the majority of takeaway food outlets into paper bags and other plastic bag alternatives. Indeed, John Blyth from McDonald's Australia stated that McDonald's "would encourage the quick service industry as a whole to consider the move to paper takeaway bags.

Similarly, why can't other hardware stores reduce their plastic bag usage given the success of Bunnings reductions in all their outlets across Australia? For example, Mitre 10 have reusable bags for sale, but they are a long way behind Bunnings in their plastic bag reduction achievements.

In these sectors and in many others, there are clear role models that other retailers in the same sector can follow. Government pressure may be necessary to make these retailers follow these examples to achieve the plastic bag reductions that are needed.

Role Models found

One of the key aims of this report is to identify retailers who can act as plastic bag reduction role models for other companies. As a result of the research for this report, Planet Ark has identified retailers in 24 of the 43 retail sectors surveyed, who are successfully reducing their usage of plastic bags.

The retailers who have given us permission to promote their initiatives are featured on our website for this report at www.planetark.com/retailers As we come across other retailers who are taking positive moves to reduce plastic bag use, Planet Ark will include them on this site.

Here follow some examples of Australian retailers who have taken big steps towards reducing plastic bag usage by providing reusable bag alternatives or by removing plastic check-out bags altogether:

Country Road – Adult Clothing

In all of their stores, the clothing and home wear retailer Country Road primarily give paper bags to their customers. However, during the Christmas period, they also used 'degradable' bags from Gispac.

"Being progressive and having integrity are among our most important business values. Using packaging that reflects these values helps us to meet our social responsibilities," says Ian Moir, CEO of Country Road.

Bunnings - Hardware

In August 2003 the Bunnings warehouse chain introduced a 10c charity charge on all disposable plastic bags provided to customers.

"The decision to implement the levy was in response to growing community concern over plastic bags," says Bunnings Pty Ltd Managing Director, Mr Peter Davis.

Since the bag charge was introduced plastic bag use has dropped by 73%. In the first year Bunnings stopped the use of 21 million plastic bags. They have also sold hundreds of thousands of reusable bags to their customers.

IKEA – Discount Department Store, Furniture

In October 2002 IKEA introduced a 10c charge on their plastic shopping bags. Since then IKEA have reduced plastic bag usage by up to 85% in many of their stores.

“We think it makes more sense not to use plastic bags at all. After all, the plastic bags we don’t use, don’t have to be produced, recycled or disposed of, so we immediately save on resources and energy,” says IKEA Environmental Coordinator, Gae Gregory. The new IKEA super-store in Sydney’s Homebush Bay Drive, is Australia’s biggest plastic bag free store and is the second IKEA store in Australia to be totally plastic bag free. All of the other Australian IKEA stores will soon follow.

IKEA encourages its customers to bring their own bags, use a trolley to take their goods to their car, or buy an IKEA reusable big blue bag at the cost price of \$1.50. Money raised from their 10 cent bag charge has been donated to charities.

Porter’s Paints - Paint/Wallpaper

Porter’s Paint stores have introduced a polypropylene reusable bag as the only option for their customers to take home purchases in.

Up until now, Porter’s have been using single-use paper bags at the check-out. As polypropylene bags are a long-term reusable option, Porter’s Paints Marketing Coordinator Melanie Stevenson believes this is the best bag option for Porter’s and the environment.

Porter’s are even doing away with paper in other areas as well. Their milk paint product used to come in a paper bag. This product now comes in a drawstring calico bag that can be reused.

First National Real Estate – Real Estate agencies

In 2004, First National Real Estate ordered 60,000 Planet Ark Blue Bags to be distributed throughout their 470 offices.

The member offices initially planned to solely use the bags as giveaways to clients and renters as they moved in. The plan was that their customers could re-use them at the supermarket for their shopping. However, many of the members have put forward other ideas to enhance the bags' original purpose.

“Member offices can use the ‘Blue Bags’ to giveaway at open for inspections, field days or simply to hand out to clients,” says Mitchell Perry, National Marketing Assistant, First National Real Estate. “These are the primary uses we see for the bags. I am sure they will generate great brand awareness and serve as a fantastic alternative to our current plastic bags.”

Holy Sheet - Manchester

Holy Sheet has just introduced paper bags as another option to plastic in all of their 13 outlets.

Combined Rural Traders (CRT) - Hardware

With 315 outlets, Australia's largest group of independent rural retailers, CRT, is helping to reduce the nation's stockpile of discarded plastic bags by providing their customers with hessian shopping bags as an alternative to plastic check-out bags.

"This plastic bag problem won't go away on its own and we all need to do our part," said CRT National Marketing Manager, Adrian Davis.

McDonald's – Fast Food

For more than 30 years, McDonald's has led the way by using paper takeaway bags in their restaurants. The hamburger giant, which hands out 180 million paper bags to their customers in Australia every year, said takeaway food businesses can make a significant difference.

"A business leader must also be an environmental leader," said McDonald's Australian spokesman John Blyth. "We would encourage the quick service industry as a whole to consider the move to paper takeaway bags."

McDonald's competitors such as Hungry Jacks and Burger King have also led the way in their usage of paper bags. Together these 3 restaurant chains have shown that you can still run a profitable takeaway food business, without the need to use plastic bags.

Nando's – Fast Food

From December 2004, Nando's restaurant chain banned plastic bags in all 76 of their restaurants across Australia. In place of plastic bags, Nando's are using an unbleached recycled paper bag for customers to takeaway their menu items with.

"This changeover is great for the environment as well as our customers as we have found our chicken and other menu items sweat less in paper bags than plastic bags," says Carlos Antonius, National Marketing Manager of Nando's Australia.

Serving 8 million customers a year, Nando's will be directly responsible for stopping the use of 1.6 million plastic bags.

Red Rooster – Fast Food

Despite incurring an increase in packaging costs, Red Rooster has introduced paper bags in place of plastic food bags in all of their retail outlets Australia-wide.

After a trial of paper bags in WA outlets, Red Rooster found that the holding times and quality of food were far superior in paper bags to that obtained in plastic bags (the Free moisture content in a paper carry bag is reduced in comparison to the moisture trapped in a plastic bag).

"Since the switch, our plastic bag use has halved," says Phil Tana, General Manager, Operations.

Kangaroo Valley Fudge House - Confectionery

Kangaroo Valley Fudge House has been a Plastic Bag Free shop for over a year. Paper bags have been a well-loved change at the confectionery store.

“Our customers appreciate our efforts to be environmentally friendly. We also enjoy the opportunity to reduce plastic bag waste that damages our beautiful Australian environment.

It is only a small change, but every little bit counts,” says Rodney Sudmalis from the Kangaroo Valley Fudge House.

Eclectic and House Old Furniture - Furniture

This furniture store takes a slightly different approach and asks their customers to bring in old plastic bags, reusable bags and boxes to take their purchases home in. They do not buy any check-out bags at all.

Accessorize - Fashion Accessories

With 18 stores around Australia, Accessorize have chosen to get rid of plastic bags. Janet Stewart, the National Product PR Manager for The Body Shop & Accessorize states the reason why they have made the move away from plastic.

“Accessorize aims to become a sustainable business. To achieve this goal we regularly review our activities and make the positive changes needed to improve our environmental performance. Recently we reviewed our use of plastic carry bags and decided that recycled paper bags were a more sustainable option.

We have chosen to replace plastic bags with an Australian made, 50% Recycled Paper bag, printed with Soya Inks and using a water-soluble glue.

“Ultimately, our goal is to eliminate the use of disposable bags (whether they be paper or plastic). The move to paper is one step along the way to improving the environmental features of our bags. The next step is the reusable bag.”

Heavy Petting - Pet Shops/Aquariums

Heavy Petting is a small pet store in the Sydney suburb of Balmain, NSW. This store no longer provides any plastic check-out bags at all and is training customers to bring their own bags.

This store also uses reusable tubs for pet meat that the staff happily rinse out when customers return them. If a customer doesn't bring back the tub with the next purchase, they are charged 5 cents for a new one.

They also wrap things in newspaper if packaging is needed.

Bowral Bags - Handbags/Leather/Travel Goods

This handbag and leather goods store is using up the last stocks of plastic bags they have inherited from the previous owner. Once they have used up the remaining 3500 plastic bags, the store will be exclusively using paper bags instead.

Anthony Squires Fine Quality Clothes - Menswear/ Tailoring

Anthony Squires does not approve of or use any single-use plastic check-out bags in their 17 stores. Instead, they use paper bags for their customers and only offer reusable suit bags that customers can bring back and use at any of their stores.

Smales Jewellers - Jewellery /Watch Repairers

This jeweller only uses paper bags in both of their stores, as they believe that small items like jewellery present better in paper gift bags.

Sweet Deliveries - Cake Shops/Bakery

It was a baker called Ben Kearney in Coles Bay who led his fellow retailers in their push to go plastic bag free. Since then, a number of bakers in Australia have followed his lead by doing the same. The Sweet Deliveries Bakery is a good example of one of these bakeries. This store packages all their products in boxes. Customers are given a paper bag to carry their items home in, but only if they request one.

Pearsons Florists – Florists

Everything is wrapped in paper in this florist store and they use paper gift bags for small items.

Oyster Bay Newsagency – Newsagents

This news agency has banned the use of plastic check-out bags in their store.

Barrie Parsons, the owner of the Oyster Bay News agency, says that “only about 1 customer per week asks for a bag and they are offered a paper or a ‘Go Green’ reusable bag. The majority of customers use no bag at all.”

Since the news agency went plastic bag free, the Sunday Telegraph and The Sydney Morning Herald have done a number of NSW State-wide reusable bag giveaways.

These bags have been specially designed to carry newspapers and the Oyster Bay news agency is one of the many newsagents who have given these bags away free with these newspaper titles.

This free reusable bag giveaway in news agencies has also taken place in other parts of the country and represents a major push by newspaper publishers and news agencies to reduce the amount of plastic bags that they use.

Orchid Images - Nursery

This nursery does not use plastic check-out bags at all. They use paper and branded calico bags instead. If customers make large purchases, they also use recycled cardboard boxes.

Lush – Cosmetics

This high profile company only uses paper bags in their 8 stores around Australia.

Anonymous Retailer – Women’s Wear

One high profile Women’s Wear store that did not wish to be named, does not use any plastic bags in their boutique stores. For environmental reasons, paper bags are their only option provided for customers at the check-out.

Liquorland

All 520 Liquorland stores now sell ‘Go Green’ standard bags. In the last 9 months, the Coles Myer Ltd Liquor Group have sold 118,000 ‘Go Green’ bags.

In an innovative move, 30 Liquorland Stores in NSW now sell ‘Go Green’ bags that have dividers for holding either 2, 4 or 6 bottles. Ideal for transporting wine to restaurants or picnics, these reusable bags are a safer way to purchase bottled glass products.

Plastic Bag Free Retailers

Since Coles Bay went plastic bag free in April 2003, other towns have followed their lead in banning plastic bags in all of their retail outlets.

To date, the towns of Coles Bay in Tasmania, Kangaroo Valley, Huskisson and Oyster Bay in NSW and Birregurra, Cannon’s Creek, Metung and Murtoa in Victoria are all Plastic Bag Free Towns. Mogo in NSW is plastic bag free with the exception of 2 retailers.

The sheer variety of stores that have gone plastic bag free in these towns has shown that it’s possible for all retailers Australia-wide to significantly reduce their usage of plastic bags. Indeed, in the NSW town of Huskisson alone, over 70 businesses have managed to become plastic bag-free.

A full list of the role model retail outlets that have gone Plastic Bag Free as a result of Planet Ark’s Plastic Bag Free Town campaign are listed in the table overleaf:

Plastic Bag Free Retailers By Retail Category and Location

Store type	Coles Bay	Kangaroo Valley	Huskisson	Oyster Bay	Birregurra	Cannon's Creek	Metung	Murtoa	TOTAL
Bakery	1		1	1			1		4
Bottle Shop	1	3	3	1	1		1		10
Post Office	1	1	1	1				1	5
Seafood Takeaway	1		2	1					4
Tourist & Information Centre	1	1	1						3
Delicatessen	1	3			1				5
Antique/Gift Stores		3	1		2				6
Homewares		1	2						3
Gallery		2	2		1				4
Craft/Pottery/Gift Stores		4	5		4				9
Garden Centres/Nurseries		3	3						5
Takeaway Restaurants		2	7	1					9
Outdoor Markets		1							1
Service Station	1	2	6						9
Cafés		6	4		3			2	15
Clothes Boutiques			6		1				7
Photo/Camera shops			2						2
Pharmacy		1	1	1				1	4
Real Estate		3	3				2		7
Butcher Shops		1	2						2
Discount Shops			2						2
Fruit & Vegetable stores			1	1					2
Beautician/ Hairdressers			4	1					5
Picture Framing			1						1
Bait shops			1						1
Newsagent		1	2	1				1	5
Electrical Shops			1						1
General Store/Corner Store				1	1	1	1		4
Lolly Shop/Icecreamery		1	1				1		3
Hardware Stores			1					1	2
								TOTAL	140

NB. The above table does not include the many plastic bag free stores in other towns and suburbs.

Survey – Key Results

- 2. We will identify potential suppliers of plastic bag free alternatives who non-supermarket retailers can approach to help them with their transition away from using plastic check-out bags.**
-

Findings

- 35 of the 129 retailers questioned (27%) do not currently provide any plastic bag alternatives for customers.
- 21 of these 35 retailers (60%) are now thinking of offering plastic bag alternatives in their outlets.
- 51% of the 35 retailers who do not offer plastic bag alternatives, stated that they would consider degradable bags to be the best plastic bag alternative option for their outlets.
- 11 out of these 35 respondents (31%) also stated that they would consider using calico in their outlets. A further 11 (30%) stated that they would consider using paper bags.

As a result of our research for this report, Planet Ark have compiled a list of 'plastic bag alternative' suppliers, right across Australia. Their contact details are listed on the Planet Ark website at www.planetark.com/retailers

Planet Ark has also provided contact details and websites, where available, for each plastic bag alternative supplier. This way, non-supermarket retailers can access the website and directly contact suppliers of the various alternatives to plastic bags.

Survey – Key Results

- 3. Some smaller retailers claim they are unable to order plastic bag alternatives due to cost related issues. The study will attempt to identify these.**
-

Findings – from the Retailer’s Survey

- 94 out of 129 (73%) of retailers surveyed currently provide plastic bag alternatives for their customers.
- 35 of the 129 retailers questioned (27%) do not currently provide any plastic bag alternatives for customers. 21 of these 35 retailers (60%) are now thinking of offering plastic bag alternatives in their outlets.
- Cost was the major obstruction factor stated by 40% of these 35 retailers, for holding their company back from using reusable bags.
- 14% of the 35 retailers stated that having to order a minimum quantity of reusable bags was a reason for not stocking reusable bags. A similar number said their not knowing any reusable bag suppliers was another reason.
- From the 35 retailers that do not provide any plastic bag alternatives for their customers, 51% of them stated that cost was the main reason for primarily using plastic bags, 46% said it was habit (i.e. “it’s just the way we have always done things”) and 43% said convenience was a reason why they currently primarily use plastic bags.
- 54 out of the 90 retailers (60%) that currently provide free plastic bags at the check-out have trained their staff to ask customers if they would like a plastic bag with their purchase.
- 39 out of these 90 retailers (43%) have also trained their staff to ask their customers if they would like a reusable bag with their purchase.
- 112 out of the 129 (87%) retailers surveyed did not have or did not know whether their company had an Environment Manager.
- Only 3 out of the 90 retailers that currently provide free plastic bags at the check-out say their company does not have a policy to reduce plastic bag usage.

Findings - from the Distributors Survey:

- All distributors surveyed stated that all plastic bag alternatives, such as degradable, paper, calico and non-woven polypropylene bags, have minimum order numbers that are well within the reach of small retail outlets.
- When it came to non-woven polypropylene bags, one distributor had no minimum order, three only required ten bags to be ordered and one required a 50 bag order.
- When it came to calico bags, two distributors had no minimum order and another only required an order of ten bags.
- When it came to paper bags, two distributors stated that 10 was the minimum order and another said it was 500.

When it came to degradable bags, one distributor didn't have a minimum number of bags that needed to be ordered. 2 out of the 7 distributors said that 1000 degradable bags were the minimum order. Only 1 out of the 7 distributors surveyed stated that 2000 degradable bags was the minimum order for their business.

Analysis

It is encouraging to see that of the retailers who did not stock plastic bag alternatives, 21 out of 35 retailers (60%) are considering stocking reusable bags. However, cost was found to be the major factor that is holding retailers back from using plastic bag alternatives.

Some of the smaller outlets that were spoken to by Planet Ark indicated their need to access reusable bags at bulk-buying rates. Indeed, for some of them it was cheaper to buy a 'Go Green Bag' from their local Coles than it was for them to buy it from a wholesaler. To that end, Minister Ian Campbell's agreement with the Australian Retailers Association and the Shopping Centre Council to help small retailers access bulk-buying rates for re-usable bags is timely and welcome.

However, one surprising aspect of our research was that some of the national non-supermarket chains also needed assistance with their purchases of plastic bag alternatives. One well known retailer disclosed the price they were paying for paper bags to replace the plastic bags that they were phasing out. This figure was substantially higher than the price currently being paid by Planet Ark for a larger paper bag, which we were buying at far lesser volumes.

Examples like this, made it all too apparent that the job of buying plastic bag alternatives and implementing a plastic bag policy was often done by executives who had no prior experience of carrying out such a strategy. Indeed, our research showed that 83% of retailers we spoke to did not have an Environment Manager – an ideal person to oversee a plastic bag reduction strategy.

Retailers also need to be educated in the types of plastic bag alternatives that are available to them. The fact that degradable bags are the most popular option that retailers would think about stocking in their outlets (above all other plastic bag alternative options), indicates that retailers want the cheapest and most convenient alternative to single-use plastic bags.

Also, degradable bags require the least amount of behavioural change from customers, so clearly some retailers are still wary about only offering reusable alternatives to their customers (even though in most cases they are the better option environmentally).

Truly degradable starch-based bags, however (as determined by the forthcoming Australian Standards), may be the best bag option for those circumstances where reusable bags are not satisfactory and single-use bags are still preferable e.g. Asian takeaway food with a high liquid content.

Discussions with the retailers who participated in the survey indicated that many had not yet looked at plastic bag reduction as a way of potentially reducing their operating costs. Indeed, Planet Ark estimates that the retail industry currently spends \$173 million a year giving away 'free' plastic bags. Industry sources have stated that the costs of these plastic bags are included in shopping bills, so in theory it's in everyone's interest to reduce this cost.

Our research identified five retailers who charged a fee for plastic bags – a fee that was then donated to charity. This substantially reduced their plastic bag usage and reduced their cost of buying plastic bags for free distribution. It also opened up opportunities for positive PR coverage when it came to the donating the funds raised by this charitable exercise.

Part of any education campaign in this area should focus on such financial savings being made by companies that have a strong plastic bag reduction policy. Such a campaign could also point out the revenue potential of selling reusable bags as an additional income stream – particularly in non-metro areas. This has been a positive driver for retailers who have participated in the Planet Ark "Plastic Bag Free Towns" scheme.

Staff Training

One reason why a plastic bag reduction is not occurring is that about half of the retailers surveyed were not training their staff in plastic bag reduction techniques. These techniques include asking customers "Do you need a bag with your purchase?" and if they do, asking them whether or not they would like to purchase a plastic bag alternative.

In any case, just to stock plastic bag alternatives is clearly not enough. For a reduction in plastic check-out bag usage to occur, retailers must train their staff to ask whether customers need a bag with their purchase and if they do, to ensure that plastic bag alternatives are properly displayed and promoted as near as possible to the check-out till.

Retailers can action this approach immediately at no cost to their business. This approach also makes business sense as the less bags they use the more money they save.

Set up advisory and education service

112 of retailers questioned (87%) did not have or did not know whether their company had an Environment Manager. As such, it is questionable whether many of these retailers would currently have a properly resourced person to take responsibility for their bag reduction efforts.

In light of this information and our experience in compiling this report, our research has highlighted the need for an advisory service for non-supermarket outlets, which educates retailers about the many ways they can reduce their usage of plastic bags.

It also highlights the need to educate retailers about the plastic bag alternatives that will best suit their business from a cost and environmental standpoint.

The non-supermarket sector will need widespread education and significant resources to be allocated to achieve a 50% drop in plastic bag use by the end of 2005. More in-depth research of the various retail sectors in partnership with the relevant industry associations would be helpful in determining strategies to achieve this outcome.

If this is not successful, then Government regulation may be necessary in certain sectors.

Survey – Key Results

4. The study will establish an overview of plastic bag distribution in Australia at a national, state and local level. It will attempt to gauge the industry’s perception about plastic bag alternatives and to see if they are stocking alternatives such as ‘Green’ bags, calico and paper bags.
-

Findings

- All distributors surveyed stock plastic bag alternatives.
- 6 out of the 7 distributors surveyed stock degradable bags.
- 5 out of the 7 distributors surveyed stock paper and calico bags
- 6 out of the 7 distributors surveyed stock polypropylene bags.
- Plastic check-out bags, however, are the biggest sellers for all distributors surveyed.
- Degradable bags are currently the biggest selling plastic bag alternative for 6 out of the 7 distributors surveyed that stock them.
- Of the distributors surveyed, degradable bags have the highest minimum unit order levels out of all plastic bag alternatives. However they are more readily affordable as they have a much cheaper unit cost.
- 4 out of the 7 distributors surveyed stated that their retail customers only request plastic bags and cite cost effectiveness as the reasons for their decision to primarily distribute plastic bags.
- 2 out of 7 distributors surveyed stated that more “outside pressure” would help increase their sales of reusable bags or other alternatives to plastic bags.
- 5 out of 7 distributors surveyed stated that they did not want to receive any further information on alternatives to plastic bags for distribution to their retail customers.

Analysis

From our research, we found there was up to a thousand plastic bag distributors ranging from very small local level distributors to distributors that have networks right across Australia.

Given the time constraints of this report, Planet Ark identified key distributors for this survey to give us a brief overview of how this industry works.

We chose the surveyed distributors based on the wide range of their annual turnovers and their representation in differing retail networks. As such, this survey has enabled us to present a keyhole view into the distribution industry.

All distributors who responded to this survey stated that they primarily stocked plastic bags because of retailer demand and their low unit cost. However, it is encouraging to report that all distributors surveyed stock plastic bag alternatives.

The fact that all distributors surveyed stock well-priced plastic bag alternatives reveals that the onus of plastic bag reduction in the non-supermarket retailer sector lies with the retailers themselves.

Survey – Key Results

- 5. If plastic bag distributors are found to be recalcitrant in taking up the distribution of plastic bag alternatives, we will try and identify possible solutions to this problem.**
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Findings

- All distributors surveyed stock plastic bag alternatives.
- 6 of the 7 distributors surveyed stock degradable bags.
- 5 of the 7 distributors surveyed stock paper and calico bags and 6 of the 7 stock polypropylene bags.
- Plastic check-out bags are the biggest sellers for all distributors surveyed. 'Degradable' plastic bags are their next biggest seller.
- 4 of the 7 distributors surveyed stated that retail customers requesting plastic bags are one of the key reasons for their decision to currently distribute plastic bags.

All the distributors surveyed for this report stock plastic bag alternatives and are not recalcitrant in this aspect at all. We found that the minimum order that distributors require for plastic bag alternatives is also well within the reach of even the smallest retailers.

It is also clear from our survey that what distributors stock and sell is purely driven by price and demand from their retailers. It follows that more outside pressure to push demand was the only help distributors stated they needed to increase sales of plastic bag alternatives.

If there were a greater demand from retailers, distributors would be happy to supply them with any plastic bag alternative they require, as their business would depend on it.

Here are some of their comments below:

- "No, all the demand is driven by our retail customers. There needs to be a bigger message communicated regarding the recycling of plastic bags and the public focus on plastic bag alternatives needs to be increased."
- "We go with the trend and stock accordingly."
- "No, all our bag business is driven by price and the customer."
- "We're purely price driven."
- "More outside pressure and more advertising is needed if plastic bag alternatives are to take off. If the bio bags were cheaper then that would help. Supermarkets are helping with changes in our customer attitudes."
- "We are a wholesaler driven by customer demand."

Appendix 1**From 'The ARA Code of Practice For the Management of Plastic Bags - Mid-2004 Interim Progress Report'**

The ARA has liaised with the EPHC to contact industry associations and major fast food organisations to urge their participation in the Code.

Organisations that the ARA has liaised with include:

Australian Booksellers Association
Australian Business Limited
Australian Gift and Homewares Association Ltd
Australian Hotels Association
Australian Music Retailers Association
Australian Newsagents Federation Ltd
Australasian Association of Convenience Stores
Distilled Spirits Industry Council of Australia DSICA
Hardware Association of NSW
Hardware Federation of Australia
Liquor Stores Association of New South Wales
Liquor Merchants Association of Australia
Liquor Stores Association of WA
NARGA Australia Pty Ltd
National Footwear Retailers Association
NSW Retail Tobacco Traders Association
Pharmacy Guild of Australia
Restaurant and Catering Australia
Retail Confectionary and Mixed Business Association
Shopping Centre Council of Australia

These bodies have been sent a Group Two signatory form and summary of the Code's principles and were asked to send it to their memberships.

Appendix 2 – Original ARA format**ARA Code of Practice for the Management of Plastic Bags ('the Code')
Group 2 Retailers Reporting Instructions and Form****Reporting Instructions**

The Australian Retailers Association (ARA) has adopted, in agreement with the Environment Protection and Heritage Council (EPHC), the *ARA Code of Practice for the Management of Plastic Bags* (the "Code"). The Code addresses the EPHC's challenge to retailers to reduce and recycle high-density polyethylene (HDPE) lightweight plastic bags and represents retailers' commitment to addressing these issues.

The Code's initiatives commit retailer signatories to work with governments, other industries and the broader community to influence behavioural change and substantially reduce the volume of plastic bags in the litter stream.

Retailers that are signatories to the Code are classified as either Group One retailers or Group Two retailers, defined as:

Group One: supermarket chains and independent supermarkets sponsored by wholesalers or run under banner groups; and

Group Two: all other retailers using lightweight HDPE bags (e.g. convenience stores, takeaway food outlets, liquor stores, chemists, newsagents, hardware stores, clothing and general stores).

The reporting form (section A) and its instructions (section B) have been developed for Group Two retailers to assist them with reporting requirements under the Code. Separate guidelines and checklists are available for Group One retailers.

Reporting requirements

Group Two retailers will be required to submit annual reports to the ARA using the provided reporting checklist on their progress towards meeting the commitments under the Code.

Reports for Group Two retailers are not required to be independently verified, however, should be signed off by management where appropriate to indicate that the information contained within the report reflects a true and fair representation.

Group Two retailers are scheduled to report on the number of bags they issued in the previous year by the end of February in 2005 and 2006.

It is recommended that retailers nominate a person to be responsible for collecting required information and preparing reports.

For more information about the above code, please contact the Australian Retailers Association (ARA) www.ara.com.au/plasticbags

Australian Retailers Association
Level 2, 104 Franklin Street Melbourne Victoria 3000.