A Better World, Through Better Business

Avery Dennison: Innovative Marketing of Sustainability Attracts More Loyal Customers

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Avery Dennison is a global leader in labeling and packaging solutions and materials, with more than $6B in global sales. The company is committed to delivering sustainable solutions to its customers. This sustainability focus began with the founder, Stan Avery, who created the world’s first self-adhesive label as an innovative way for stores to merchandise and display the price of products. Stan cobbled together used spare parts to build his label machine which itself delivered a less wasteful way of labeling products (The Big Picture, n.d.).

A few years ago, Avery Dennison’s then CEO Dean Scarborough brought present-day sustainability to the core of the business (he retired in May 2016 and is now serving as Executive Chairman of the Board). During his tenure, the company set sustainability targets such as a 3% absolute reduction in greenhouse gas emissions year over year, required products and solutions to meet The Natural Step criteria, partnered with NGOs such as the Rainforest Alliance, and worked to create a sustainability culture inside the company.

Dean’s successor, CEO Mitch Butier, believes that sustainable business is good business. He explains, “We see sustainability not only as a necessity, but also as an opportunity. By offering sustainable innovations to customers, we’ll drive sustainability well beyond the limits of our own operations and expand our business at the same time.” This philosophy is evident in the organizational structure, which has sustainability sub-committees in each division, reporting into a Corporate Sustainability Committee that is chaired by the CEO. This organizational design ensures that the sustainability directive is championed by senior leaders, while also being embedded into each business.
This focus on sustainability drives significant business for Avery Dennison. The majority of the company’s Retail Branding and Information Solutions (RBIS) divisions’ $1.5 Bn of Sales comes from customers who are members of the Sustainable Apparel Coalition. The members of the Coalition have aggressive sustainability goals and seek partners who can provide sustainable solutions. Coalition members include some of the top retailers and manufacturers from around the world (e.g. Wal-Mart® and Patagonia®). (Sustainable Apparel Coalition, n.d.) Avery Dennison’s innovation in sustainability has helped it become a partner of choice.

One such innovation is highlighted in Wal-Mart’s 2016 sustainability report. Wal-Mart partnered with Avery Dennison to find a more sustainable solution for the fabric labels in its private label apparel line. Avery Dennison provided Wal-Mart with a label comprised of 100% recycled content from plastic bottles. Wal-Mart was able to replace over 80 million labels and eliminate 29 million virgin cotton-dyed fabric labels. This replacement cut water usage to almost zero, used 32% less energy, emitted 39% less greenhouse gases and resulted in 98% less solid waste than the conventional product (Moving toward a zero waste future, n.d.). Wal-Mart also encouraged its suppliers to use these labels, which resulted in a new business relationship for Avery Dennison with Carters®.

Avery Dennison also partnered with Outerknown®, the brainchild of surfer Kelly Slater who wanted to deliver a line of sustainable apparel targeted toward the older surfer (35+). Outerknown is part of the Kering Group, which owns many luxury and sports/lifestyle brand including Gucci®, Puma® and Stella McCartney®. The Kering Group already had a relationship
with Avery Dennison and several of the Outerknown senior executives had come from companies that had done business with Avery Dennison, such as Levi’s® and Patagonia®.

Outerknown approached Avery Dennison because their sustainability focus was consistent with the ethos of Outerknown. As Shelly Gottschamer, Chief Supply Officer and Chief Sustainability Officer, Outerknown notes, “The partnership between Avery Dennison and Outerknown was a natural evolution for us, as we looked for a partner with a complete package in environmental solutions. We know the items they are producing for us are produced in the most ethical and environmental way that they can be and that’s something that we care a lot about.” She elaborates, “We can’t avoid that we are in an environmental crisis. It is the hottest year on record. The icecaps are melting. Its smart business practice to look at the materials that we are using as resources become scarce” (Avery Dennison Video, 2016)

Avery Dennison was involved from Outerknown’s inception and developed a dissolvable label, which served two purposes: the label dissolves in the wash, and the brand is then revealed. The company also developed an environmentally friendly poly-shipping bag. Currently this bio-based polybag shipper is more costly than a conventional virgin petroleum polybag. The company has passed on some of the cost to Outerknown but has also accepted a lower margin for the product. Avery Dennison is now working with other manufacturers and retailers, including the Kering Group’s umbrella organization, to drive scale and ultimately deliver a recycled polybag that is parity priced with less sustainable versions. Moreover, Avery Dennison is also engaged with a number of well known brands and retailers to deliver a 2-3 year roadmap of sustainable solutions across their brands.
Awareness Building with Halo Brands:

To increase the awareness of its sustainability offerings, Avery Dennison employs a unique strategy with partners it names “halo” brands. A halo brand is a strategic relationship built with a brand/company to generate awareness of an Avery Dennison product offering, innovation or strategic initiative. One such halo brand is Christopher Raeburn®. Christopher Raeburn is a luxury British fashion designer known for his use of recycled fabrics. He has been featured in fashion magazines, has broad distribution with fashion retailers, and is the recipient of numerous fashion awards. Avery Dennison entered into a relationship with Christopher Raeburn as a way of demonstrating that high end design and sustainability go hand in hand and generating media exposure for its sustainable branding solutions.

Amy White explains, “We wanted to work with companies that have a great brand, a similar ethos to us - but that also that have fewer constraints than traditional retail groups, such as a global supply chain network, that therefore enable them to be more nimble and adventurous in their brand choices. So we identified emerging designers that we knew would reflect our product well and be able to work with us collaboratively in innovation. For example, Christopher Raeburn, is a great partner for us because he does not consider himself as a sustainable designer, he simply understands and believes that sustainability is integral to any design. He is a designer first and foremost and sustainability is just one of his considerations.”

Amy explains that the company has very aggressive sustainability goals, one of which is that 70% of Avery Dennison products must have a positive environmental impact by 2025. This goal is part of the Avery Dennison team’s strategy regarding halo brands. Every year, the objectives are outlined and the halo partners are reviewed to determine if they are still appropriate or if new halo partners should be identified to meet that year’s business opportunity. Avery Dennison
chose Christopher Raeburn to counter the perception that one must sacrifice design to accommodate sustainability-- his designs demonstrate that the two work together.

**Innovation Every Day:**

In order to meet Avery Dennison’s aggressive 2025 sustainability goals and those of their clients, the company is focused on innovation and customer service. They regularly initiate conversations with customers about their sustainability goals, which often results in new sustainable solutions. Avery Dennison works with its customers to develop end product designs that minimize environmental impacts across six dimensions including fossil material, trees, water, energy, greenhouse gas emissions and solid waste. For instance the APEO free adhesive (APEO is a surfactant shown to be an endocrine disruptor) was developed in response to requests from a number of brands and retailers who were moving to APEO free products.

Avery Dennison-developed Greenprint, a tool that combines lifecycle assessment with creative design, to highlight potential trade-offs and spark innovation opportunities (Avery Dennison, 2014). Amy White provides a hypothetical situation, “For instance, if you found that a 2mm change in trim dimension could reduce waste significantly by enabling you to produce more tags to a sheet of material, you would discuss this with the customer, and highlight the environmental, as well as economical savings.”

Another innovation example implemented by Avery Dennison in Europe was the collaboration with Coca Cola European Partners (CCEP) and its waste management partner to collect and recycle the liner (backing) that is used to carry Avery Dennison’s self-adhesive label. The recycling facility collects the liner waste and produces new products such as a PET staple fiber, strapping or thermoformable sheets. This initiative by Coca Cola’s SmartWater® brand in
Europe will eliminate more than 40 tonnes of waste destined for landfill, reduce as much as $10,600 in disposal/handling costs and reduce carbon dioxide emissions by 180-200 tonnes.

CCEP’s waste management partner says, “Since we launched this initiative in 2014, we have signed up many wine, spirits, beer and beverage brands. Avery Dennison has set an ambitious sustainability goal for 2025 of eliminating 70 percent of liner waste from the industry value chain” (Avery Dennison drives Coca-Cola, 2016).

Avery Dennison is transparent about the fact that while some of its products are certainly better than alternatives, they are not completely sustainable. They are constantly innovating to improve their performance.

**Employee Engagement:**

Avery Dennison’s sustainability focus has a very positive impact on employee engagement. The company’s annual global employee survey found that the statement, “Avery Dennison supports the communities in which we operate” was the single biggest driver of employee engagement, with 86% of those responding stating that the company cares about its impact on the planet.

The halo brand strategy has also generated an (unintended) internal engagement benefit. With the halo brands, the evolution from design to manufacture to catwalk is quite quick, so the employees see the impact of their efforts rapidly, which they find rewarding.

**ROI:**

Avery Dennison looks for an ROI for all its projects to ensure a sustainable future for the company and its 25,000 plus employees across the globe. However, the company does look at investment in sustainability on a broader basis because it does not believe it is economically
viable or ethical to limit sustainable solutions to an individual customer. As Helen Sahi, Senior Director of Sustainability, Avery Dennison noted, “If we look at opportunities exclusive to a single customer, the innovation will just be a niche. We want to be a leader in the area of sustainability, so we want and need to open up these opportunities to the broadest customer base possible.”

She aptly sums up Avery Dennison’s position on sustainability by saying, “If we don’t have water, if we don’t have clean air, it won’t matter how good a business you run today, there will be no business in the future. We want to go outside, we want to take hikes and we want to leave that to our children and their children.”
References


