PACKAGING FREE SHOPS IN EUROPE AN INITIAL REPORT

EXECUTIVE SUMMARY

eunomia

ZERO WASTE EUROPE

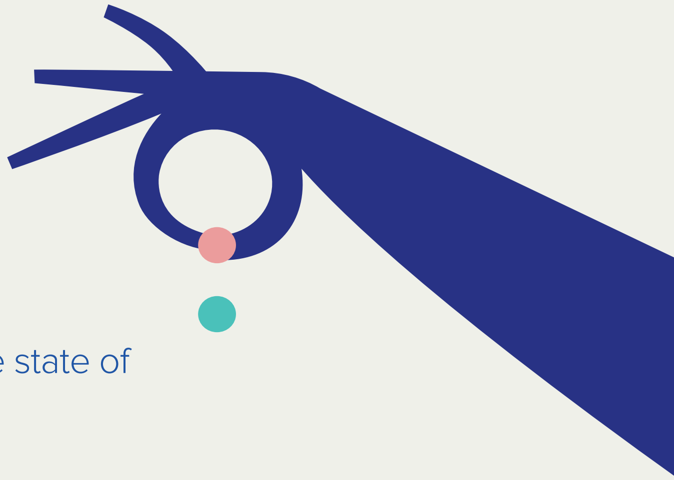
Réseau Vrac

SUMMARY

This study is one of the first that evaluates the state of play and potential future growth scenarios for the packaging free shop sector in Europe. It has sought to make headway into enhancing general understanding of the packaging free shop sector, and the authors hope it will help stimulate further interest in this business model.

Overall, very strong growth in the sector has been identified, with increasing numbers of shops, jobs and sales turnover achieved over the past 5-10 years. Long term forecasts, whilst speculative, present a mid-estimate EU market for bulk goods of €1.2 billion in 2030, with best case potential being significantly greater.

Addressing the policy concerns highlighted, undertaking further research to increase understanding of the market, and addressing data limitations will provide further support for this rapidly growing part of the circular economy.



BACKGROUND

To date, little research has been undertaken into the state of the 'packaging free shop' market in Europe.

These shops, where products are commonly sold in bulk and consumers are encouraged to bring their own reusable containers, provide a retail model operating higher up the waste hierarchy, with substantial potential to reduce packaging consumption. Amidst growing public concern over the extent to which products are packaged, often in single use formats, further investigation of this important business model is essential.

To address the absence of a European wide understanding of this sector, Eunomia, Zero Waste Europe (ZWE), and Réseau Vrac, with the contribution of participant organisations[1] (the ZWE network) have undertaken surveys amongst packaging free shops in 10 European countries to explore three topics:

- THE BIG PICTURE OF THE STATE OF PACKAGING FREE SHOPS IN EUROPE
- ITS POTENTIAL FOR GROWTH AND ASSOCIATED ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACTS
- RECOMMENDATIONS FOR THE EU TO ALLOW FOR THIS POTENTIAL TO BE REALISED

This executive summary presents key conclusions of the research, and the full report includes a more extensive discussion of the findings.

SCOPE

In this piece of work the focus has been shops where products that are offered for sale are predominantly packaging free. In other words, customers bring their own reusable packaging, and products are sold by weight or volume. These types of shops are commonly smaller, locally owned, or linked to specific producers. Some of these types of shops may also sell a small amount of conventionally packaged products.

How this definition of packaging free maps onto the context of individual shops may vary between countries. For instance, due to local and national expectations regarding the proportion and criteria of products that should be packaging free to be defined as a 'packaging free shop', some shops could be considered as packaging free in certain countries and not others. Harmonising this definition is an ongoing task and this report has used the best information available at the time of writing to inform its analysis.

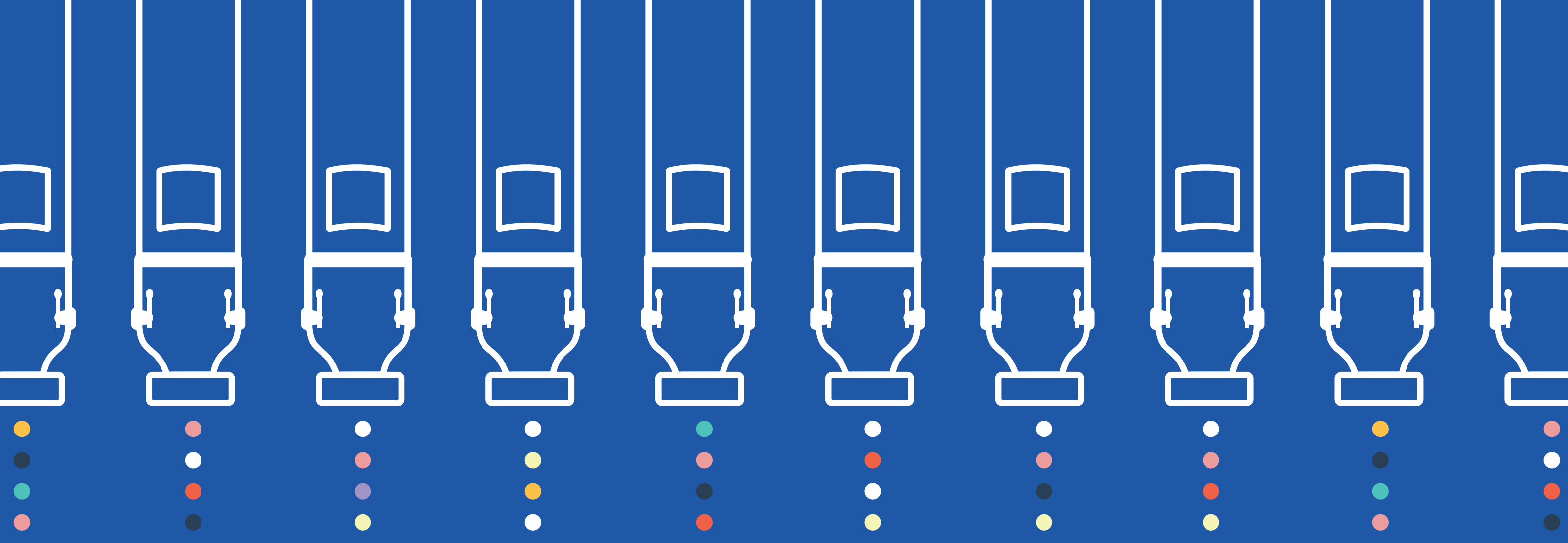
For the purposes of this report, conventional supermarkets with packaging free aisles have not been studied. In addition, this report's focus on packaging free shops means it does not comment on impacts relative to other sectors or business models.

DATA ANALYSIS

Shop data was gathered through a survey distributed to packaging free shops via Zero Waste Europe and Réseau Vrac. 268 shops responded to the survey across Austria, Belgium, Bulgaria, Czechia, France, Germany, Latvia, Slovenia, Spain and Ukraine. All findings presented in this summary and the full report are based on this dataset, and must be interpreted in this context. Where extrapolations have been made with the purpose of illustrating EU scale trends, these have been made on the basis of the underlying dataset that is representative of the packaging free sector across the EU, which may not be the case.

In addition, the forecasts have been based on what the survey data reveal to be market evolution to-date, and assume a continuation of these trends. Radical shifts in the economy and/or consumer behaviour have not been considered, and in this context the projections made in this report may underestimate the future scale of the sector. Therefore, the following findings, whilst providing a valuable insight into the sector, must be considered a high level first attempt at assessing trends and context, and this report should not be considered an attempt to deliver precise quantitative assessments of the market.

[1] The national participant organisations associated with ZWE are: Ecologists Without Borders (Slovenia), Friends of the Earth (Czech Republic), Rezero (Spain), Za Zemiata (Bulgaria), Zero Waste Alliance (Ukraine), Zero Waste Austria, Zero Waste Kiel (Germany), Zero Waste Latvija. The participant organisations associated with Réseau Vrac are: Réseau Vrac Belgium and Réseau Vrac France.



AN OVERVIEW OF PACKAGING FREE SHOPS IN EUROPE

Evidence from the survey shows very strong growth in the sector over the past 10 years, in terms of shop numbers, job numbers, and total turnover growth. The extent of turnover growth, and a potential future projection is illustrated in Figure 1. Shown by the blue dotted line, **the model presents a mean estimate of EU total turnover from bulk good sales in 2030 of approximately €1.2 billion[2] and a 'best case scenario' of over €3.5 billion.** This forecast has been derived as follows:

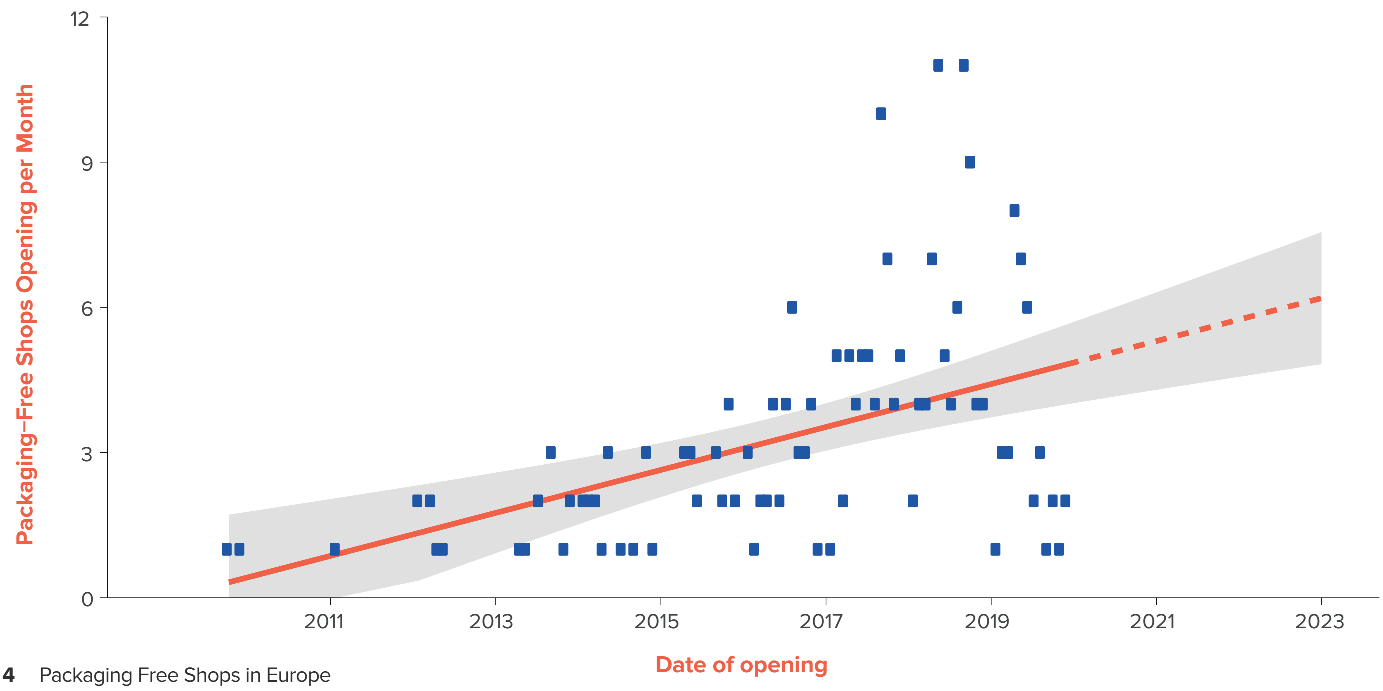
- Using the survey sample of 10 countries to establish the growth rate of shop numbers from 2009 – 2019;
- This growth rate is scaled to every EU country. This is achieved by first estimating the relationship between Purchasing Power Parity (PPP) and shop numbers in the sampled countries. This relationship is then extended to countries not included in the survey[3];
- Assigning an average turnover to every new shop, derived from the survey responses; and
- Extending the growth rate in shop numbers linearly to 2030.

This long-range estimate demonstrates potential for the sale of packaging free goods to become a substantial EU market.

[2] The grey shaded area indicates the 95% confidence limits of this estimation, with a lower bound of €106 million and an upper bound of €3.9 billion.

[3] The model considers EU Member States only, including the UK. Data from Ukraine is used to inform the model but is not included in the results.

Figure 1: Forecast of the Number of Shops Opening per Month to 2023



Data collected from the survey of shops has also provided a range of insights into the economic, social and environmental context of packaging free shops. The following figures illustrate a few of these findings, and are derived directly from the sample:

There is a strong increase in job growth within the sector, with modelling presenting a mean estimate of **10,000 jobs** in packaging free shops across Europe in 2023[4]

Estimated EU wide avoided packaging in 2023 as a result of packaging free shops is approximately **5,500 tonnes**[5]

5,500 TONNES

Packaging free shops estimate to have avoided, on average, **1 tonne** of packaging per year per shop[6]

Approximately **70%** of products within the shops sampled are packaging free

Mean shop turnover is around **€170,000,** although this does vary from country to country. There is evidence that average shop turnover has increased over the past 3 years

74% of shops are located in city centres, whilst **6%** are located in villages and rural areas

Food and drink products are the **most sold**, followed by cosmetic products, cleaning products and zero waste accessories

Packaging free shops prefer to **source from closer suppliers:** evidence has shown that as the distance between the shops and their suppliers increases, the quantity of goods sourced decreases

Further data and the methods applied to arrive at these estimates can be found within the full report.

[4] 95% confidence limits show a lower bound of 1,036 jobs, and an upper bound of 26,937 jobs

[5] 95% confidence limits show a lower bound of 1,968 tonnes, and an upper bound of 9,185 tonnes

[6] 95% confidence limits show a lower bound of 362kgs, and an upper bound of 1,690kgs

POLICY CONSIDERATIONS FOR THE FUTURE OF PACKAGING FREE SHOPS

In addition to the shop survey, the participant organisations were asked to complete a separate 'general survey'[7] and contribute their views on the policy barriers restricting growth in the sector. Three key themes could be drawn out from their responses:

1 BETTER REFLECTION OF THE FULL COSTS OF PACKAGING

Concerns were raised that packaging is effectively subsidised because the **true end-of-life costs**, including 'external' costs associated with mismanaged packaging (such as littering), **are not at present adequately reflected in the price of packaging**.

These concerns should be substantially addressed in Article 8a of the revised Waste Framework Directive, which introduces specific minimum requirements for Extended Producer Responsibility (EPR) schemes, meaning that producers' financial contributions should cover:[8]

- ➔ The separate collection of waste;
- ➔ The subsequent transport and treatment of waste, including treatment necessary to meet the European Union's waste management targets;

However, **there are opportunities for further improvement in this area.** The Directive does not require the costs of the fraction of packaging entering the residual waste stream to be covered, nor does it require the costs for dealing with littering of all packaging items to be covered. In addition, there are circumstances where Member States can exempt producers from having to cover 100% of the costs. **Interventions to address these limitations could help to increase the cost competitiveness of packaging free shops further, such as ensuring EPR schemes are implemented with modulation of fees and covering the full end-of-life costs of packaging.** At a national level, Member States could take the opportunity of the transposition of Directive 2019/904 ('Single-use Plastic Directive') to broaden the scope of packaging items that have to make a contribution towards EPR litter clean-up costs to other materials beyond plastic, going beyond the minimum stipulated in the Directive.

[7] A 'general survey' was issued to ZWE, Réseau Vrac and the national participant organisations associated with ZWE with the aim of getting one response per country. This included questions on the general history of packaging free shops, policy barriers to growth, and any research that has previously been done

[8] European Parliament and the Council of the European Union (2018) Directive (EU) 2018/851 of the European Parliament and of the Council of 30 May 2018 amending Directive 2008/98/EC on Waste, 2018/851

2 CLARITY AND HARMONIZATION OF BULK SELLING REGULATIONS

Respondents from several countries reported problems arising due to laws being outdated and/or inapplicable to bulk selling of products through self-service approaches. There appears to be a **pressing need for the development of a harmonised approach to the way in which packaging free shops are treated by national and regional regulators across EU Member States, including definitions of bulk sales and related food hygiene regulations. It is recommended that a fuller investigation into these topics is undertaken.** This would be with a view to determining whether new guidance would be appropriate, or indeed amended or new supplementary regulations would be required to allow for the effective and appropriate regulation of packaging free shops.

3 DEVELOPMENT OF SUPPLY CHAINS

The under-development of packaging free supply chains relative to other sectors was highlighted as a challenge by several members of the Zero Waste Europe network, **as shops struggle to benefit from efficiencies associated with economies of scale and logistics optimisation.**

Sector growth, of itself, should stimulate these increased efficiencies. Based on the comments of member organisations, **progress in transferring the full costs of packaging to producers, and improvements in clarity with regard to bulk good definitions and food hygiene regulations in the sector, appear important actions which could act to ease these supply chain challenges.**

In addition, further research to better understand the precise logistical challenges facing packaging free shops may shed light on opportunities to enhance the competitiveness of packaging free supply chains. This may involve assessing the challenges associated with sourcing particular products, and opportunities for collaborative purchasing and distribution to achieve cost reductions for multiple shops.

In order to receive the full report please contact:
Zero Waste Europe
Réseau Vrac

Zero Waste Europe gratefully acknowledges financial assistance from the European Union. The sole responsibility for the content of this event materials lies with Zero Waste Europe. It does not necessarily reflect the opinion of the funder mentioned above. The funder cannot be held responsible for any use that may be made of the information contained therein.

Prepared by Eunomia Research & Consulting Ltd., with contributions from Zero Waste Europe and Réseau Vrac

George Beechener
Elizabeth Raine
Maxine von Eye
Chris Sherrington
Daniel Card
Joe Papineschi

June 2020

Approved by

Joe Papineschi
(Project Director)

Eunomia Research & Consulting Ltd
37 Queen Square
Bristol
BS1 4QS
United Kingdom

Tel: +44 (0) 117 917 2250
Fax: +44 (0) 8717 142 942

eunomia.co.uk

Zero Waste Europe is the European network of communities, local leaders, experts, and change agents working towards the elimination of waste in our society. We empower communities to redesign their relationship with resources to adopt smarter lifestyles and sustainable consumption patterns in line with a circular economy.

Réseau Vrac is the only professional organisation dedicated to the bulk industry - sale of products to consumers without packaging - in France and worldwide. Since its creation in 2016, Réseau Vrac has supported the development of this new market and promoted this means of consumption to tackle food and packaging waste generated by pre-packaged goods. Réseau Vrac represents and federates more than 1,300 professionals in the sector: suppliers, shop owners and project holders in France and worldwide.

Contributors:
Ecologists Without Borders (Slovenia)
Friends of the Earth (Czech Republic)
Rezero (Spain)
Za Zemiata (Bulgaria)
Zero Waste Alliance (Ukraine)
Zero Waste Austria
Zero Waste Kiel (Germany)
Zero Waste Latvija

DISCLAIMER

Eunomia Research & Consulting has taken due care in the preparation of this report to ensure that all facts and analysis presented are as accurate as possible within the scope of the project. However no guarantee is provided in respect of the information presented, and Eunomia Research & Consulting is not responsible for decisions or actions taken on the basis of the content of this report.