

## **A Case for the Switch to Kraft Paper Towels in the Workplace**

### **Introduction**

In our ever-changing world, one of the fastest rising concerns is the safety of our environment. We have learned more and more over the years about how our everyday habits are impacting the world around us, like filling landfills more quickly than ever and causing an exponential rise in greenhouse gases. Considering our carbon footprint has become more important than ever, both as the individual consumer and in the eyes of businesses.

Luckily, there are easy switches that can help ease the stress we put on our environment, and some businesses are starting to follow suit. Consider the shift from white napkins to kraft napkins. We've seen many businesses make the change in an effort to be, or at least to seem, more eco-friendly. But how has this switch truly impacted businesses? Did it impact their bottom line or the perceptions of their customers? And would the same results hold true if a kraft paper towel were introduced?

In this white paper, we will analyze the shift to more eco-friendly practices in the home, discuss a number of global businesses that have begun utilizing kraft napkins and their motivations and experiences, consider how important ecological consciousness truly is to the customer, and hypothesize how the introduction of kraft paper towels may potentially impact businesses.

### **Moving Away from Paper Products in the Home**

Particularly in the younger generation, it is becoming increasingly important to consider the environment when making everyday decisions and purchases. Millennials are often at the front of this conversation, and as they continue to age and become the majority in the workplace, their decisions and spending power become more and more analyzed. However, there are

some choices that we as a society continue to make despite the negative environmental impact.

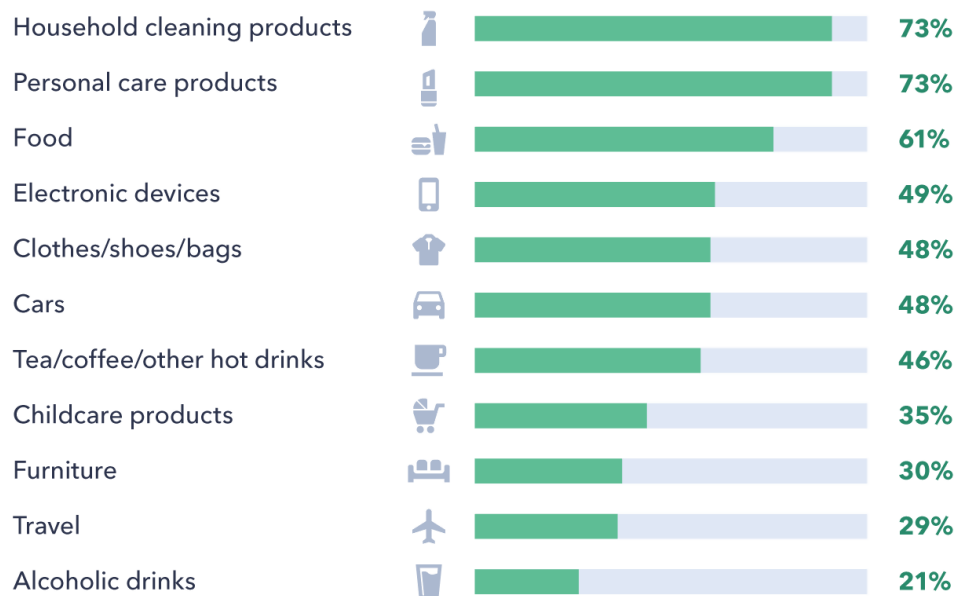
For instance, as of 2009, more than 98% of the toilet paper sold throughout the United States came from virgin wood. While there are certainly more eco-friendly practices, such as bidets or the beige toilet paper Moka introduced by Cascades Tissue in 2013, the vast majority of consumers continue to stick with the classic white toilet paper we've been using for decades. (It is worth noting, however, that markets outside of North America are much more accepting of recycled toilet paper.)<sup>1</sup>

While there are some practices that consumers can't seem to give up, there are other changes that have taken a hold. Take paper napkins at home. In a survey conducted by marketing intelligence agency Mintel in February 2016, just 56% of consumers claimed that they had purchased paper napkins within the preceding six months. However, the survey also concluded that 86% of these same consumers purchased paper towels within the same time period.<sup>2</sup>

There are several potential reasons for this shift, but the two main things to consider are some of the biggest priorities in the lives of millennials: financial and environmental consciousness. Many consumers no longer purchase paper napkins simply because it's one less thing to have to buy. With smaller budgets than generations past, millennials often search for products that can multitask, so using paper towels both to clean up spills and at the dinner table seems to fit the bill. Additionally, not purchasing paper napkins means not having to throw them away, leading to a smaller environmental footprint.

While many customers are attempting to make changes in multiple aspects of their lives, cleaning solutions are on top of the list. According to Global Web Index, 73% of consumers surveyed said they research household cleaning products more than any other category of purchase (tied with personal care products) to ensure their purchases are environmentally friendly.

% of eco-conscious consumers who research these categories to ensure they are environmentally-friendly



Eco-conscious consumers are defined as those who say that concern for the environment affects their day-to-day purchase behavior

Question: To what extent do you agree with the following statements? Somewhat agree, Strongly agree  
Source: GlobalWebIndex 13-15th September 2018 Base: 1,329 (U.S.) & 1,305 (UK) Internet Users aged 16-64

The changing priorities of consumers have led to the success of a new and innovative cleaning supply company, Seventh Generation. Just consider this excerpt from their website:

We believe our products are healthy solutions for your home, and for the community and environment outside of it. As a pioneer in corporate responsibility, we consider our impact in everything we do—from product development through production, purchase, use, and disposal. We are always evaluating how to reduce our environmental impact, increase performance and safety, and create a more sustainable supply chain. We believe it is our responsibility to set a course for a more mindful way of doing business.<sup>3</sup>

Seventh Generation's range of unbleached paper products gives consumers the performance and environmental consciousness they are looking for at an affordable price point. This is one way consumers have been more eco-friendly at home, but what about outside of the home?

### **Introducing Kraft Napkins in Quick Service Restaurants**

Walk into a Starbucks or McDonald's today and you'll find brown kraft napkins in the dispensers on your table. Within the past decade, a large number of successful companies have made the move away from white napkins in an attempt to be, or at least seem, more environmentally conscious. But how has the switch impacted their business as a whole? Do consumers view these companies in a different light?

Let's consider coffee chain Dunkin' Donuts. The company made the switch to brown kraft napkins in 2009, and according to their 2010 Corporate Social Responsibility Report, this decision did make a significant impact on the environment:

"In 2009, we switched to a new, 100% post-consumer fiber napkin system-wide, saving annually:

- 38 million gallons of water
- 16,000 cubic yards of landfill space
- 22 million kilowatts of energy
- 11,000 gallons of oil
- 323,000 lbs of air pollutants
- 92,000 trees

We also introduced new napkin dispensers that reduce waste by controlling usage. Together, these changes resulted in a 25% reduction in napkin waste overall."<sup>4</sup>

While these results are a great step forward, were they the initial motivation for the switch in the first place? Likely not. According to Scott Murphy, vice president of strategic manufacturing and supply for Dunkin' Brands, part of the decision to switch to brown napkins was about what the color "symbolized." Consumers associate brown with eco-friendliness, and tests in a number of Dunkin' locations proved this connection, saying the new napkins made customers "feel like they were doing something good for the environment."<sup>5</sup>

Another relevant example comes from McDonald's. Here's a bit of insight about the impact of their switch to kraft napkins:

For instance, proving that the cost of the paper bag does affect the bottom line, McDonald's Canada recently made a systemwide switch napkins and bags to unbleached napkins and bags.

Employees in Western Canada found the bags to be sturdier and customers used fewer napkins. McDonald's Canada rolled out the new supplies to the entire nation, reducing its energy, wood and water consumption, resulting in an annual approximate savings of \$1.3 million for the whole McDonald's Canada system, which means savings for the customers.<sup>6</sup>

It's evident that this change had a huge impact on the bottom line for McDonald's Canada, and customers benefitted and helped the environment without spending any extra money or even making a subconscious change in their behavior.

### **Why are Businesses Making the Switch?**

There have been countless businesses over the past few years that have transitioned from white paper napkins to kraft napkins. But what have been the main motivators for this change?

Has it been a true shift in priorities, is it simply an economical decision, or do both factors need to be considered?

Obviously, in any business, money is the bottom line. Every company wants to make a profit and *needs* one to survive. So, are businesses opting for kraft napkins because of budget reasons? Are kraft napkins that much more inexpensive than white napkins? Napkins.com proves that the difference in cost is negligible. A set of 1,000 kraft dinner napkins is priced at \$67.95 as of December 2019 (roughly \$0.06 per unit),<sup>7</sup> whereas a set of 1,000 white dinner napkins is priced at \$74.95 (roughly \$0.07 per unit).<sup>8</sup>

While it's clear that there is a small difference in price, it's simply not enough to make a big impact on the bottom line of a huge company like Target or McDonald's. So why do they keep buying kraft? One way that businesses are indirectly benefitting is through consumer opinion. Companies that have increased their eco-friendly practices and are now considered more "green" than in years' past often see an improved customer perception, which has led to increased sales.

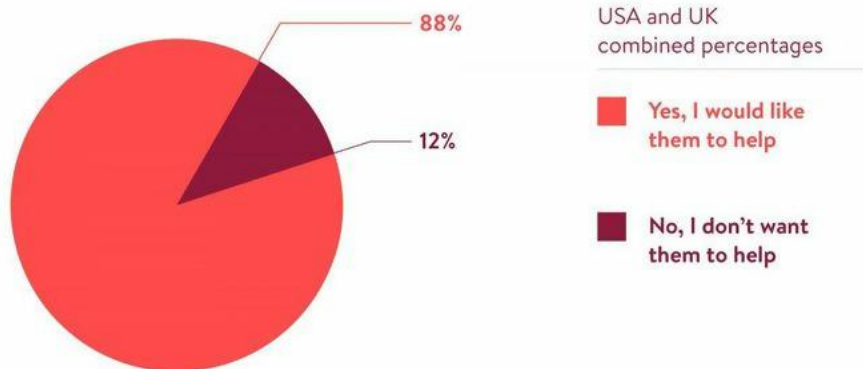
### **Customer Perception of "Green" Businesses**

A study performed in 2010 considered restaurant consumers in the Midwestern United States. Researchers found that customers from five casual dining restaurants "not only perceived a restaurant's use of green practices to be important, but were willing to pay more for those practices in order to offset any associated costs for the restaurants."<sup>9</sup> So, even if kraft napkins were more expensive, it stands to reason that a company would be able to increase costs slightly to cover the difference, and customers would still be willing to pay.

In general, consumers want the help of businesses in the fight toward environmental change. While many believe it's up to the individual to maintain eco-friendly practices and help reduce their carbon footprint, customers also want assistance from the businesses they patronize. In a

2018 survey across the United States and the United Kingdom, 88% of respondents said they would like brands to help them be more environmentally ethical in their everyday lives.

### Would you like brands to help you be more environmentally friendly and ethical in your daily life?



Survey of 1,004 respondents in the USA and UK. November 2018 for Futerra by OnePulse

Additionally, multiple studies have found a correlation between eco-friendly practices at home and outside of the home. So, a household that implements more “green” behaviors in their homes are more likely to patronize businesses that they feel are also environmentally friendly, thus falling in line with their beliefs. As more and more businesses aim to target the millennial demographic, this distinction becomes increasingly meaningful in a company’s marketing strategy.

So, how much does an eco-friendly image impact customer loyalty? In short, a lot. A 2017 study found that 87% of Americans have a more positive image of a company that stands up for social or environmental issues, and 92% of Americans are more likely to trust a company that supports these same issues.<sup>10</sup> These numbers are simply staggering, and it goes to show how far today’s consumer is willing to go to back businesses that take a stand on important environmental concerns.

Additionally, more obvious green practices make a bigger difference to customers than more hidden efforts. For instance, customers may not be aware of a company's efforts to use less water or to utilize recycling facilities, but they *will* notice the use and sale of eco-friendly products. According to one analysis, 55% of customers will spot environmentally friendly products, whereas the percentage of consumers who notice ecologically responsible furniture or recycling facilities is markedly smaller.



#### ECO-FRIENDLY PRODUCTS USED AND SOLD



#### ECOLOGIC FURNITURE AND ECO DESIGN



#### RECYCLING FACILITIES



Finally, there is a hidden benefit to consider that can have a major impact on a company's bottom line. Employees are the backbone of any establishment, and research has proven that workers experience more satisfaction in their jobs when eco-friendliness is a factor. Consider this perspective:

Providing green options within a company can offer overall workplace improvements. Green cleaning supplies can help employees who suffer from respiratory and other health-related conditions, because green products contain



fewer chemicals – such as sodium hypochlorite and nitrobenzene – that are connected to physical problems.<sup>11</sup>

Giving employees better working conditions can even lead to better *customer* perception of a brand. A study conducted by the Charlton College of Business at the University of Massachusetts-Dartmouth found that “there is a significant positive relationship between perceived environmental performance and employee satisfaction.”<sup>12</sup> Further, a survey by Accenture Strategy found that more than 60% of respondents “favor businesses that are transparent and treat employees well.”<sup>13</sup> Inadvertently, by providing employees with a more eco-friendly and overall improved workplace, businesses can improve their customers’ opinion, thus leading to higher sales.

### **Does Brown Truly Mean Eco-Friendly?**

It’s clear that businesses benefit from putting forward an ecologically conscious stance. But is the use of kraft napkins truly an eco-friendly decision? When the majority of consumers see brown paper products, they immediately think this means the product has less of an impact on the earth than a comparable white product. Perhaps consumers believe a brown product is made with fewer chemicals and is therefore safer, or they think the product is made with more recycled materials. But is this actually true?

One major complaint that consumers have had about white paper products is the use of chlorine. Many white paper products are bleached with chlorine to achieve that pristine color, and consumers are turned off by the potentially unsafe and environmentally harmful practice. However, with today’s improving technologies, white paper products can be made completely from recycled fibers and whitened without chlorine. It should still be mentioned that foregoing bleaching can reduce energy usage, therefore contributing to a more eco-friendly product and practice.

Essentially, while kraft napkins certainly can be more eco-friendly than traditional white napkins, the benefits may not come in the forms we traditionally expect. Lower levels of chemical and water usage are often the true advantages of kraft napkins, as well as (in some cases) customers subconsciously using fewer kraft napkins than they typically use of the white counterparts.

### **The Case for Kraft Paper Towels**

With all of this information, we can make a strong case for the introduction of kraft paper towels. While this product is not a mainstay on the current market, there is much evidence that suggests the potential success. We know consumers are leaning more toward paper towels in their own homes and are opting less and less for paper napkins. Consumers prefer the environmental and fiscal benefits of paper towels over their counterparts.

We also know that kraft paper products benefit businesses in both material costs and in customer perception. There is a negligible difference in cost, and the increase in consumer opinion makes up for any extra money that may be spent on environmentally friendly products and practices.

This information can lead us to the conclusion that a kraft paper towel would be beneficial to implementing more eco-friendly and budget conscious business practices. Not only restaurants would see results, but rather, businesses in all sectors from offices to commercial real estate buildings would experience positive results.

Of course, implementing kraft paper towels in the workplace is not an all-inclusive solution to success. However, it can be an important stepping stone, as effective environmental strategies are related to multiple factors such as improved employee satisfaction and customer loyalty, reduced costs, and enhanced competitiveness. As part of a larger plan, the utilization of kraft

paper towels can be beneficial to companies in all sectors and in all aspects of the individual business.

## **Conclusion**

As we progress, there will be no escaping the importance of our environmental impact. However, businesses still have to consider their bottom line in order to be successful. By implementing environmentally friendly practices such as the use of kraft napkins, many top companies have experienced both a boost to their customer perceptions as well as higher numbers in sales and profit margins.

In order to appeal to the millennial, an increasingly important demographic, businesses need to not only *act* ecologically conscious but also have the products and practices to support their stance. Kraft paper products, including the emerging kraft paper towel, can be combined with other efforts to create a well-rounded appearance that speaks to this new generation.

Kraft paper napkins have already proven their success in the home of the consumer as well as industries like quick-service restaurants. However, kraft paper towels and the like have not yet universally found their way into the workplace. By taking advantage of this resource, businesses will be able to maintain their profit margins thanks to the low cost of materials as well as improved consumer perception.