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The Consumer's Role

Many customers seem willing to compromise on price, functionality of biobased food packaging-for now

Although the U.S. economy remains largely depressed, market demand for biobased plastics is on the rise. This is driven by consumer pressure on the retail community and municipal regulations requiring food service packaging materials to be recyclable or compostable. "Most disposable food service products are not currently recyclable, which means that most companies are going down the compostable route," says Wendell Simonson, marketing director at Eco-Products, a company that sells food service packaging made using NatureWorks LLC's Ingeo biopolymer. That biobased material, a polylactide (PLA), is compostable and can help businesses comply with new regulations, Simonson says. "The larger piece of this is that the general public's awareness of environmental issues just continues to explode," he adds. "Even though we sell to businesses and retail customers, those businesses are doing everything they can do to make sure they are meeting the needs of their ever-evolving, environmentally aware clientele."



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In Demand. Foam packaging materials manufactured by Dyne-a-pak are compostable.
Photo: Dyne-a-pak Inc.

Biobased polymers are relatively new in the marketplace, especially compared to their petroleum-based counterparts. Evolving technology means consumers need to make some compromises in functionality and price. Heat tolerance is one of the biggest issues with the packaging materials Eco-Products sells, Simonson says, noting that customers must also be willing to pay a premium. "People understand that if they want to participate in the movement to try to do something about environmental conservation, there is going to be a premium attached to it," he says. "If people weren't willing to pay that premium, then we wouldn't have the growing business that we do."

Simonson says once the technology matures-and the price and functionality issues decrease-his company expects demand for biobased products will grow geometrically. "Most of these products that we deal in have been traditionally commodity-driven lines, meaning that price is essentially still the number one factor in these buying decisions."

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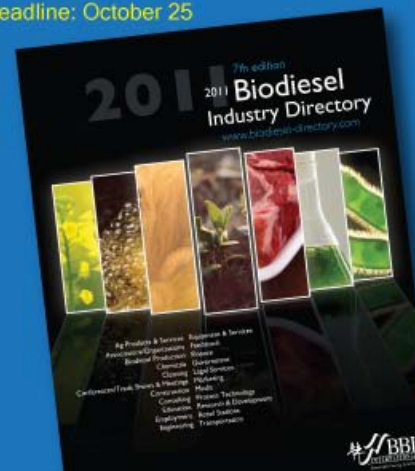
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Canada-based Dyne-a-pak Inc. also manufactures food packaging materials out of NatureWorks' PLA. "Interest is growing exponentially," says Mario Grenier, Dyne-a-pak's general manager. "We have a lot of demand right now on the West Coast because of the bans on polystyrene many cities have enacted. On the East Coast, we see an interest from specialty stores and packers that are packing specialty products like organic meat." Although Grenier agrees that biobased plastics and foams are more expensive than petroleum-based products, he notes the price of PLA materials is on par with other product lines that can serve as a replacement for materials like polystyrene foam, such as laminated cardboard.

"We think that premium will disappear over time, as we get more volume and we get more efficiencies in production," Grenier says. "I think if this product right now could be at the same price as polystyrene, we would probably outsell polystyrene. It's a matter of bringing the cost in-line with oil-based polymer. At that point, I think there is no limitation on the polymer."

Steve Davies, NatureWorks' director of marketing and public affairs, also thinks that demand for PLA will continue to increase. Triple-digit growth for its products was achieved in 2005 and 2006, followed by flat-lined demand in 2008 and 2009, with demand growing again this year, he says, adding demand for NatureWorks' products has been so strong the company doubled its production capacity last year to 140,000 metric tons a year. "We expect to have the full production sold out and in use within the next three years," Davies says. "For that reason, we are looking at a second plant location now."

Erin Voegele

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