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Blueland: Is the Future Green?

“In five or 10 years, I would love to see ourselves as a global brand across a wide range of categories. We started in cleaning, and now we’re in personal care, but there are certainly other opportunities in beauty and even food and beverage.”¹

Sarah Paiji Yoo, Co-Founder and CEO, Blueland

“At Blueland, we’re focused on bold innovation that makes sustainable products for planet and people. No shortcuts, no greenwashing. Our goal is to make switching to Blueland such an obvious, no-compromises, feel-good choice that in just a few years from now most households in America (and eventually the world) will look back and think, ‘Remember when we used to ship all that water and plastic around? That made no sense!’”²

John Mascari, Co-founder and COO, Blueland

Eliminating Single-use Plastic

In August 2022, New York-based eco-friendly refillable cleaning supply retailer Blueland announced the launch of its new product, a Facial Cleanser. Unlike other facial cleansers sold in plastic bottles or tubes, this cleanser was just a pack of 17 grams of powder. Adding the powder to water resulted in a hypoallergenic non-foaming gel without any irritants.

Blueland sold dry tablets/powder which needed to be dissolved in water. The first purchase came with reusable containers. Blueland’s reusable bottles provided consumers with a solution to single-use plastic packaging. The products’ dry tablet and powder formats needed to be mixed with tap water to get home cleaning liquids, toilet cleaners, dishwashers, laundry wash, hand wash, etc. This did away with the need for plastic packaging, reduced shipping emissions, and saved storage

¹Rachel Brown, Blueland Extends Into Body Care With Its Mission To Eliminate Single-Use Plastic Packaging, www.beautyindependent.com, May 10, 2022

²Blueland Raises \$20 Million for New Category and Retail Expansion to Eliminate More Single-Use Plastic: The fast-growing direct-to-consumer brand that pioneered the refillable cleaning category to eliminate single-use plastic uses the latest funding round to fuel category and channel expansion so that every home has access to sustainable options, PR Newswire, February 16, 2022.

space in homes and retail shelves. Blueland did not use plastic wrappers to pack the products; the products came packaged in compostable packaging.

Founded by serial entrepreneurs Sarah Paiji Yoo (Yoo) and John Mascari (Mascari) from Harvard Business School, Blueland was the first company to bring the tablet/powder form of a range of cleaning products to market and pioneer the product refill model. Blueland tablets and powders were 200 times smaller, 300 times lighter, 90 % cheaper to ship, and 30 times cheaper than conventional liquid cleaning products. Typically, a truck of Blueland tablets was equal to 83 trucks of liquid cleaning bottles.

Since its launch in 2019 till February 2022, Blueland had introduced 15 different products. It sold more than 10 million products to over 1 million customers, and the company claimed that it had prevented more than 1 billion single-use plastic bottles from ending up in landfills and oceans. Blueland attracted several investors that included industry leaders and celebrities, who were enthused by the idea of eliminating plastic and having a positive impact on the planet. Yoo said, “When people hear eco-friendly, they assume the products will be less effective, more expensive, and more work. We’re flipping this on its head with cutting-edge formulas, readily biodegradable packaging, and money-saving \$2 refill tablets. Now the better choice is the easy choice.”³

After tasting success with its cleaning and washing products, Blueland ventured into personal care and beauty products. Yoo was looking at launching a minimal assortment covering all essential products in personal care products. While cleaning products were easy-to-switch, personal care was a different matter altogether. In this segment, customers had strong affinities and preferences

³Blueland Launches First Plastic Free, Non-Toxic Consumer Product: New-to-market brand is reimagining the CPG category with eco-friendly, innovative formats that eliminate plastic packaging, PR Newswire, April 22, 2019.

for brands. The competition was tremendous, and switching was not common. Blueland had been selling the products through its website and also a few e-commerce websites. Yoo was looking at selling the products through retailers and also Blueland's own stores. She said, "We've always known that we want to be in retail, it comes back to our mission of maximizing the environmental impact we can have, and in order to do that we need to make the brand as accessible to as many consumers as possible."⁴

At the same time, competition in cleaning/washing products was on the rise. Several companies had started selling eco-friendly products, and established FMCG players had also begun advocating for reusable bottles and plastic reduction.

Yoo and Mascari were planning to approach some investors for another round of investment. They had to convince the investors that the company was on the right path and justify their foray into retail and highly competitive personal care and beauty products. The investors also needed to clearly understand Blueland's plans to face the competition in the cleaning and washing products segment.

An Idea!

Blueland was founded in 2019 by Yoo and Mascari. Yoo graduated in economics from Harvard University in 2006 and then started a career in finance at McKinsey. She later worked in Goldman Sachs and Berkshire Partners before she joined Harvard Business School. She then founded a company Snapette, a mobile platform for local fashion shopping. Yoo scaled Snapette to 2 million monthly active users. She sold it to a leading e-commerce company Pricegrabber in 2013. Then

⁴Allison Collins, Blueland Raises \$20M, Plans Refillable Personal Care Launch, WWD: Women's Wear Daily, February 17, 2022.

she launched a startup studio called LAUNCH that launched a wide range of brands like M.Gemi, Handcrafted Shoemaker, and Rockets of Awesome, a kids' clothing label.

Mascari, Yoo's section-mate in the Harvard MBA class, had previously founded Bundle Organics, non-GMO, vitamin-fortified, pasteurized juices for pregnant women. This was acquired by 1908 brands.

In 2017, Yoo took a sabbatical after giving birth to her son. As a new mother, Yoo grew concerned over the abundance of microplastics in the water she used to dilute the baby's formula to feed her child. She thought of using bottled water but found that bottled water in the US contained 100 pieces of microplastics per liter. Though she wanted to reduce her plastic consumption, she did not have much of choice. She said, "So many of our everyday products such as window cleaner, toothpaste and laundry detergent, all come packaged in just one way –single-use plastic. I realized that I just didn't have a choice as a consumer."⁵ At the same time, most of these products were 90% water and were sold in plastic bottles, which were invariably thrown away after use. Such bottles found their way into landfills and oceans, contaminating water and air and impacting the flora, fauna, and marine life. *(Refer to Exhibit I to know the Perils of Plastic Waste)*

Yoo shared her thoughts with her classmate Mascari. He looked at a bottle of Windex and found that it was 97% water and 3% cleaning agents. He wondered, "Why ship a product that's mostly water around the world when you can just use the tap and reduce your carbon footprint and operating costs?"⁶ The duo met and discussed a product, the ingredients of which could be shipped in small packets. Consumers could add water to these ingredients at home and use the product. In

⁵Vivienne Decker, Meet Blueland: Making Single-use Plastics a Thing of the Past, www.forbes.com, April 30, 2019

⁶Yelena Shuster,"The Eco Entrepreneur," www.college.columbia.edu, 2019

the process, they would get a cheaper product and the use of plastic and the cost of shipping could be brought down, and the carbon footprint would be reduced. Yoo said, “Why am I buying a new plastic bottle every time? Why can’t we make these parts in a powder or a tablet?”⁷

Yoo and Mascari explored a wide range of products, categories and formats, firmly believing that “You don’t have to sacrifice a clean home for a clean planet.”⁸ At that time, Yoo met several investors and shared her idea of developing eco-friendly products. However, the investors dismissed her idea, saying people did not care much for the planet and no one cared for eco-friendly products.

As they started looking more into the market, Yoo and Mascari realized that there was no precedent to the product they had in mind, i.e., a tablet that could be dissolved in water to make a cleaner. They then approached some manufacturers. Most consumer packaged goods companies used a contract manufacturer and relied on them for formulations. Yoo and Mascari approached several manufacturers. Yoo said, “They didn’t have tablet machinery; most of their ingredients comes to them as liquids, and they weren’t able to make what we needed. That kicked off a wild goose chase. We talked to everyone from candy manufacturers to vitamin manufacturers trying to figure out if the dry-format folks could help us with this.”⁹ Some manufacturers were also quick to point out that global FMCG companies with millions of dollars of research budget would have brought out such products if it had been possible.

⁷Lane Florsheim, Hate Buying Cleaning Supplies? There’s a Pill for That,” Wall Street Journal (Online), May 20, 2019

⁸Vivienne Decker, Meet Blueland: Making Single-use Plastics a Thing of the Past, www.forbes.com, April 30, 2019

⁹Haje Jan Kamps, Blueland raises more money to avoid shipping water around and reduce single-use plastics, <https://techcrunch.com>, February 17, 2022

Undaunted, the duo decided that they would have to develop their own formulation. Yoo started searching for experts in chemistry. She pinged more than 100 chemists, but none of them expressed an interest in joining them. Yoo said, “There was definitely a chicken-or-egg problem in the very beginning. We couldn’t hire a scientist because any reputable scientist is going to ask, “How am I going to get paid for this?”¹⁰ Without a product, raising capital was also difficult.

Comes to Fruition

In 2018, Yoo reached out on LinkedIn to Syed Naqvi (Naqvi), who was involved in product development in Method Products PBC. He was the director of formulation for a non-toxic cleaning brand. A graduate in chemistry and applied biology, Naqvi was involved in product development at Johnson & Johnson, and formulated hand and auto dish detergents in Sun Products Ltd. He was involved in making environmentally friendly and efficacious products.

Yoo visited Naqvi in San Francisco to talk to him about their idea. Naqvi was also working toward reducing the use of plastics in everyday life. They started conversing about the new product. Naqvi said, “Developing a supply line made from an entirely different substance matter than the standard liquid was a ‘definite challenge.’ You have to change your whole supply chain to even try to do it.”¹¹ He joined the team to lead formulation and R&D activities. Yoo said, “We thought it was

¹⁰Dana Drori, Why Spending Money on Childcare Was Imperative to Blueland’s Success, <https://thehelm.co>, July 22, 2020

¹¹Lane Florsheim, “Hate Buying Cleaning Supplies? There’s a Pill for That” Wall Street Journal (Online), May 20, 2019

such a moonshot, but we were able to convince him to leave his job and join us, with a promise that he would get paid once this was funded.”¹²

Naqvi started to create products that had never been made before. Yoo and Mascari bootstrapped the venture for the first year and self-funded the idea and product development. They invested US\$ 75,000, which covered the R&D expenses for about a year. The trio wanted to focus on cleaning products as they were a low-interest category, where consumers didn’t care passionately about what products they used. They were also easy to switch and were high replenishment category products. It was a category with little brand and channel loyalty, compared to products like shampoos, deodorants, or toothpastes. Another aspect was that cleaning products were 95% water, so it would be easy to come up with products in a form to which water could be added. This would reduce the shipping costs and help the company sell the products at a lower price point to consumers.

Naqvi, along with a team of chemists, started working on an eco-friendly and effective formula. Their challenge was to create a product along with the user experience that consumers were accustomed to, using eco-friendly products. For example, while formulating the dish wash powder, Naqvi had to maintain the powder’s fluffiness, reduce the dishes’ slipperiness, and also see to it that the powder dissolved completely, in case the users wanted to make a liquid dishwasher.

Sometimes, the R&D team had to make some compromises. Initially, they were looking at tablets that dissolved instantly in water. But the tablets they made took around 10 minutes to dissolve, and that too in warm water. As they could not improve it further, they conducted a focus group

¹²Dana Drori, Why Spending Money on Childcare Was Imperative to Bluebird’s Success, <https://thehelm.co>, July 22, 2020

study and found that consumers did not mind the waiting time or the use of warm water. They then released the tablets, which took 10 minutes to dissolve in warm water.

Naqvi and the R&D team faced some challenges while developing the products. For example, the fragrances were mostly available as essential oils, which were in liquid form. The R&D team had to find ways to encapsulate the fragrance in silica, which was made a part of the tablet. When water was added, the tablet dissolved along with silica, releasing the scent.

When it came to water that was to be added, Naqvi wanted it to be tap water, rather than bottled water. But there was a danger of contamination with tap water, so he decided to include preservatives in the tablet that would stop the growth of bacteria in water.

Initially, Yoo wanted to use a glass bottle as she was looking at eliminating the use of plastic. But after discussing it with over 2000 customers, she realized that glass would not be suitable, especially for cleaning products, as it was heavy and there was a danger of its slipping and breaking. She then thought of using aluminum bottles, but the customers wanted a transparent bottle, as they wanted to see the tablet dissolving in water. This made her decide on an acrylic bottle that was fully recyclable.

There were days when the founders and Naqvi feared that the idea might not work, but they encouraged each other and persisted with their research. Naqvi created over 100 iterations of some products before finding the final formulation. These formulations contained earth-friendly ingredients. It took over a year to develop the product after which they decided to launch the company. Mascari found a manufacturer who agreed to make the tablets and powders from the formulations.

A Company is Formed

Then Blueland was incorporated in April 2019 with Yoo as CEO and Mascari as COO. Naqvi was Head of Products. As CEO Yoo was responsible for marketing, PR, and the big picture strategy; Mascari, as COO, kept the day-to-day operations running. On the name Blueland, Yoo said, “It encompasses the notion that our home does not stop at our doorstep, or even the water’s edge, and embodies our hope to return the oceans to their natural, pristine state.”¹³ Blueland’s mission was to eliminate single-use plastic packaging, starting with personal care and cleaning products.

With the formula in place, the founders went in for a round of funding. In September 2018, they raised US\$ 3 million from venture capitalists, angel investors, and other entrepreneurs, valuing the company at US\$ 13.5 million. The initial investors included Global Founders Capital; Comcast Ventures; Cross Culture Ventures; BAM Ventures, along with individuals like Brian Lee of Honest Company; Nicholas Jammet, founder of Los Angeles-based sustainable fast food chain Sweetgreen; Nick Green from sustainable food retailer Thrive Market; and singer and actor Justin Timberlake. Adrian Grenier¹⁴ invested in the venture through his impact firm DuContra Ventures. On investing in Blueland, he said, “It’s not often that you see companies that will actually solve a problem and also be aspirational and aesthetically compelling on social media. I respect their commitment to building sustainability into the DNA of Blueland’s business model. The founders

¹³8 Million Tons of Plastic End Up in Our Oceans Every Year—This Entrepreneur Is on a Mission to Change That, www.createcultivate.com, April 15, 2021.

¹⁴Adrian Grenier is an actor turned activist. He took active part in the launch of Clean Seas, a campaign to end marine plastic pollution. He was also a part of a documentary on water conservation, ‘The Last Drop’ by National Geographic. He is the co-founder of Lonely Whale, a non-profit that focuses on ocean and marine life.

are patient enough to make sure not to betray their core values with their success. There is so much room to grow, so many ways for Blueland to continue to reduce single-use plastic.”¹⁵

The next issue was that of packaging. The founders wanted to develop a paper for packaging that would be durable and maintain the tablet’s quality, look, and smell for a long time. It had to be compostable and recyclable. The package was made of a paper exterior and a thin aluminum interior. It was compostable and biodegradable. The founders also ensured that the inks and dyes used to label the bottles were safe. Mascari said, “We’ve been science-first since inception, ensuring that each product is sourced from the most environmentally-responsible, safe materials while simultaneously eliminating plastic packaging waste.”¹⁶

Products Launched

Blueland was launched on April 22, 2019, as a Direct to Consumer (DTC) company. The first product was the starter kit called Clean Essentials, which was priced at US\$ 29. The kit contained three reusable 20 oz bottles under the company’s ‘Forever’ brand. These were made of acrylic. Three bottles – pink for bathroom cleaner, yellow for a multi-surface cleaner, and blue for the glass and mirror cleaner. The refill tablets were available at US\$ 2 each. Consumers intending to make the liquid were required to fill the containers with warm water and drop a tablet in. It took ten minutes for the tablet to dissolve, after which 20 oz of non-toxic cleaning solution was ready for

¹⁵Stephanie Cain, Actor and activist Adrian Grenier helps reduce single-use plastic with investment in Blueland, Fortune.com, August 15, 2021

¹⁶Blueland Launches First Plastic Free, Non-Toxic Consumer Product: New-to-market brand is reimagining the CPG category with eco-friendly, innovative formats that eliminate plastic packaging, PR Newswire, April 22, 2019.

use. The cleaning bottles were made of Tritan, which was durable and could be reused. The lightweight material was shatter-resistant

The tablets did not contain disinfecting ingredients like chlorine bleach or products from the Environmental Working Group's restricted list¹⁷. All the ingredients used in the tablets were natural or naturally derived. This made the resultant cleaning liquid hypoallergenic, pet-safe, and cruelty-free. At the same time, they were highly effective against bacteria and viruses. Apart from the kit, the products were available separately, priced at US\$ 18 each, and contained one table and one bottle.

When the company was launched, it had 12 patents pending, and the number was expected to increase further as it was looking at expanding into other categories like soaps. All the products and packaging were certified Platinum Material Health by Cradle to Cradle^{18,19} which meant that they positively impacted the planet. The company was also B Corp²⁰ certified. Other organizations like Leaping Bunny²¹ and USDA Biobased Preferred²² also certified Blueland. All the ingredients

¹⁷Environmental Working Group's restricted list provided a list of ingredients that are unacceptable for use in certain products. For example the unacceptable list of personal care products contained parabens, formaldehyde, triclosan, triclocarban, animal-derived ingredients, phthalates, microbeads, etc.

¹⁸Cradle to Cradle Certified is the global standard for products that are safe, circular and responsibly made.

¹⁹The founders contacted Cradle to Cradle to ensure that the products met highest sustainability and safety standards. Cradle to Cradle check every ingredient used and also the bottles and paints used.

²⁰B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials.

²¹The Leaping Bunny Logo signified that no new animal tests were used in the development of any product displaying it.

²²The USDA Certified Biobased Product label, displayed on a product certified by USDA, is designed to provide useful information to consumers about the biobased content of the product. It meant that the products were composed, in whole or in significant part, of biological products, including renewable domestic agricultural materials, renewable chemicals, and forestry materials

used in Blueland's products were on the EPA Safer Chemicals Ingredients list²³. The company said its products were vegan, hypoallergenic, cruelty-free, non-GMO, and gluten-free.

The Refill Model

Blueland's products and the refill model introduced by the company were highly appreciated by environmentally-conscious consumers, especially the younger ones. Yoo said, "The consumer is evolving, especially the younger consumer. There is something remarkably different about Gen Z that, again, also makes me very hopeful about our future. Gen Z are so much more intentional and conscious about what they consume and what brands they consume with."²⁴ This model enabled the users to reuse the bottles instead of throwing them away and having them end up in landfills. Users said the tablets occupied far less space than the traditional products and were also more affordable. Each refill product's cost was US\$ 2, compared to the US\$ 3 to 5 that usual cleaners were priced at.

In the month of launch, Blueland sold US\$ 200,000 worth of products.

On September 29, 2019, Yoo and Naqvi took part in the television program Shark Tank, where entrepreneurs pitched their inventions to celebrity investors. The founders pitched the Clean Essentials as products that were free of triclosan, parabens, chlorine bleach, phosphates, ammonia, or volatile organic compounds²⁵. Yoo and Naqvi pitched that five billion plastic bottles could be stopped from reaching landfills by using reusable plastic bottles.

²³ United States Environmental Protection Agency's Safer Chemical Ingredients List is a list of chemical ingredients determined to be safer than traditional chemical ingredients

²⁴ Carla Seipp, Mission First: Blueland's Secret to Expansive Brand Growth, <https://beautymatter.com>, August 23, 2022.

²⁵ VOCs were considered to be harmful to children, pregnant women and nursing women.

During the pitch, they valued their company at US\$ 13.5 million and sought US\$ 270,000 for a stake of 2%. Some of the Shark Tank members felt they were in the program for publicity for their products. Kevin O’Leary²⁶ offered US\$ 270,000 for a stake of 5% and 1% in advisory shares. The founders then agreed to give Kevin O’Leary a 3% stake for US\$ 270,000 and a royalty of US\$0.50 per kit until he got his investment back. O’Leary said that he was particularly impressed with the visual message that Blueland products had conveyed.

Blueland’s appearance on Shark Tank was criticized as they already had a round of venture capital. However, Yoo considered it a brilliant market move to appeal to the mass audience. She found the appearance a chance to introduce a tablet priced at just US\$ 2, which could be used as a cleaner after it was just dropped into warm water. Yoo said that after Shark Tank, she received a lot of press coverage and an offer from a shopping channel. Celebrities like Kim Kardashian had ordered Blueland products after watching Shark Tank and had shared them on their social media accounts.

Building a Product Line

Launching a completely new product meant changing the consumers’ mindset. Yoo said, “The other bit is really how do we shift the mindset around single-use – especially in personal care and beauty, almost everything comes packaged in single-use plastic packaging or single-use packaging.”²⁷ She added, “We’ve been incredibly focused on bringing these brand new formats to market. Blueland’s formats require new behaviors –customers mix their cleaning sprays and need

²⁶Kevin O’Leary a Canadian businessman, entrepreneur, and television personality, is also a professional venture capitalist and founder of O’Leary Ventures which is a private early-stage venture capital investment company

²⁷ Allison Collins, Blueland Raises \$20M, Plans Refillable Personal Care Launch, WWD Women’s Wear Daily, February 17, 2022

to learn how to use powder dish soap, for example.”²⁸ But right from the beginning, Blueland found many takers among consumers who were concerned about the environment, and were looking for safe cleaning products.

Just a few months after the launch of Blueland, the world was in the grip of Covid-19, and cleaning supplies were among the most sold products. Covid and extreme weather conditions made consumers re-evaluate their cleanliness and environmental footprint. Consumers chose to shop for products online. People staying at home wanted clean houses and were looking for non-toxic products. They went in for Blueland’s cleaning products which were readily available online.

Since late February 2020, Blueland’s sales have witnessed a huge spike. Sales increased by 250% between February and May 2020 compared to October 2019 to January 2020. The company was experiencing comfortable growth before the pandemic. The growth during the pandemic had increased due to an increased focus on e-commerce and sustainable living. The company then decided to double down the DTC channel and added a subscription model to ensure a regular supply of refills to consumers. For users who wanted a steady supply of tablets, the company provided a Subscribe & Save option, through which the users could opt to receive them by mail every two months, three months, or four months. Blueland continued to grow post-pandemic too. Yoo said, “We’ve seen incredible retention from those early cohorts of Covid customers.”²⁹

Being a D2C company, Blueland took customer feedback to improve its offerings. For example, it improved the nozzle to spray liquids, reduced cardboard packaging use, and introduced products

²⁸ Allison Collins, Blueland Raises \$20M, Plans Refillable Personal Care Launch, WWD Women’s Wear Daily, February 17, 2022

²⁹Gabriela Barkho, How DTC home cleaning startups are mapping out their 2022 growth plans, www.modernretail.co, April 6, 2022

in different scents. Yoo said, “When you have that direct relationship with the customer, you have that direct line of communication to be able to collect the feedback on what they’re loving as well as what’s not working, and test different messaging and test different ways to educate folks.”³⁰

More products in the Offing

Blueland continued to launch new products at regular intervals. In June 2020, it launched the handwash. This came with a glass bottle and tablets to make hand soap. It introduced Toilet Cleaner Tablets in 2021. These were foaming tablets that needed to be dropped into the toilet bowl. Once they were dropped in, they fizzed, formed foam, and dissolved. The toilet bowl then had to be scrubbed with a brush. The tablets were also available in refill packs.

After the cleaning products and hand wash were launched, many of the company’s followers started requesting for dish soap. This made them launch Powder Dish Soap and Dishwasher tablets. The dish powder had to be used as it was and had to be put on a wet sponge. This produced soapy suds, which could be used to clean the dishes. The dish soap bottles were made of high-grade silicone, and the dishwasher and laundry tins were made of tin-coated steel. They were also refillable and reusable. *(Refer to Exhibit II for different products of Blueland)*. Within two years, the company launched 13 products, all of which were developed in-house. These products resulted in 40 patents.

The company registered strong sales, and in the first couple of years, sales were about US\$ 50 million.³¹In July 2021, the company expanded into Canada, and announced that it would offer its

³⁰ Allison Collins, Blueland Raises \$20M, Plans Refillable Personal Care Launch, WWD Women’s Wear Daily, February 17, 2022

³¹ Allison Collins, Blueland Raises \$20M, Plans Refillable Personal Care Launch, WWD Women’s Wear Daily, February 17, 2022

full assortment of products in Canada. It also started shipping products to the UK, Australia, and New Zealand.

In 2022, Blueland marked its entry into the personal care category by introducing refillable body wash powder. On entering this segment, Yoo said, “Once we looked at research and talked to our consumers, we realized body wash was a huge area that we can have an impact, not only because body wash is a high-frequency product in personal care, but because it’s typically one of the bulkiest.”³²

The powder supplied by Blueland had to be mixed with water, and after an hour, it turned into a creamy, hydrating body wash. Customers who used the product said that it was light and foamy. The body wash was made of oats, coconut acid, kaolin clay, Vitamin E, and Vitamin B. It was available in three scents – raspberry hibiscus, waterlily dew, and sandalwood sage. The body wash kit was priced at US\$ 18, and the refills were US\$ 9. In comparison, the body wash from Dove, Olay, Harry’s, etc. were priced from US\$ 7.99 to US\$ 9.99. To determine the success of the body wash, Blueland was looking at its adoption by existing customers and new customers who were buying it.

Can Blueland Make it?

Between 2019 and 2022, Blueland sold more than 10 million products to 1 million customers.³³For the year ending February 2021, Blueland witnessed a growth of 400% year-over-year. Customer lifetime value increased by 80% due to broadening product lines. The company claimed that by

³²Rachel Brown, Blueland Extends Into Body Care With Its Mission To Eliminate Single-Use Plastic Packaging, www.beautyindependent.com, May 10, 2022

³³Daniela Sirtori-Cortina, Refillable Home-Goods Startup Blueland Raises \$20 Million, Bloomberg.com, February 16, 2022.

selling reusable bottles and tablets, it was able to prevent one billion plastic bottles from going into landfills.

In February 2022, it raised US\$ 20 million from Prelude Growth Partners³⁴. After this round, the total funds raised by the company reached US\$ 35 million³⁵. The company intended to invest the money into developing new products and also expanding into physical retail. Alicia Sontag, co-founder and managing partner at Prelude Growth, said “Blueland’s high-performance products combined with its mission to eliminate single-use plastic have resulted in unparalleled consumer love in the cleaning category. The brand is one of the fastest-growing in its space, with exceptional demand and extremely strong loyalty.”³⁶

In August 2022, Blueland launched a facial cleanser. Like the body wash, the cleanser was also a powder-to-gel formula. The powder had to be added to water, mixed for ten seconds, and then allowed to sit for one hour to activate. After this, it was ready to use. The facial cleanser starter set was priced at US\$ 15. It included a Forever Bottle and a pouch of powder pouch, which had to be mixed in 8 ounces of water. A single pouch was priced at US\$ 9.

Yoo was particularly excited about foraying into the beauty segment. She said, “Obviously it’s a massive industry and it feels like there are so many new products being released into the world at an increasingly faster clip. There’s so much consumption and it’s only accelerating. Beauty has always been interesting to me because the packaging in the beauty industry is notoriously unclear in terms of not just how to responsibly dispose of or recycle, but even labeling for the consumer

³⁴ Prelude Growth Partners is a New York-based equity firm that is funded by 95% female investors.

³⁵ Daniela Sirtori-Cortina, Refillable Home-Goods Startup Blueland Raises \$20 Million, Bloomberg.com, February 16, 2022.

³⁶ Haje Jan Kamps, Blueland raises more money to avoid shipping water around and reduce single-use plastics, <https://techcrunch.com>, February 17, 2022

what material you're purchasing."³⁷As the company moved into the new segment of personal care products, it faced a slew of challenges. Consumers had strong brand preferences in this category and making them switch over was challenging. The space was highly competitive with major brands having a hold over the market. The company was also looking at expanding to other categories like shampoos and beauty products. *(Refer to Exhibit III for the Beauty and Personal Care market in the US).*

In the cleaning products category, where Blueland was a front runner, several competitors had launched eco-friendly products in reusable containers. *(Refer to Exhibit IV for Blue Land's competitors)*. Global FMCG companies had also ventured into the space with their own refillable bottles and concentrated products. FMCG giant P&G came up with its Home Made Simple Brand of cleaners, soaps, fabric cleaners, etc. with plant-derived ingredients, free of gluten, parabens, phthalates, phosphates, and dyes. The company claimed that the products came in 100% recyclable bottles. Unilever was encouraging its consumers to reuse plastic bottles. Its OMO bottles could be reused for a lifetime. It had also come up with ultraconcentrated products in fabric cleaners and conditioners. Dove had come up with 'refillution', a durable refillable deodorant case.

Yoo and Mascari were also looking at taking their products to retailers. Yoo said, "Most consumers want to pick up these products when they're doing the regular shopping trip at Target or Walmart."³⁸ She was looking at selling Blueland products from Container Stores.

³⁷Carla Seipp, Mission First: Blueland's Secret to Expansive Brand Growth, <https://beautymatter.com>, August 23, 2022.

³⁸Lane Florsheim, Hate Buying Cleaning Supplies? There's a Pill for That," Wall Street Journal (Online), May 20, 2019

New products and new channels meant more funds. Yoo and Mascari had approached a new set of investors who wanted to meet in about ten days. Investors wanted to know how the duo planned to consolidate Blueland’s position in cleaning products and also ensure its growth. They needed to present a clear plan to get ahead of the competition. They also needed to justify their foray into the highly competitive personal care segment. One of the investors was particularly interested in the company’s retail plans and asked them to present the benefits and drawbacks of DTC and physical retail as far as Blueland was concerned.

Questions:

- 1 You were asked to assist Yoo and Mascari in presenting their plan to the investors. They asked you to draw a plan for Blueland’s cleaning products, new additions, growth, and ways to face competition. What would you suggest to them?
- 2 The investors were particularly concerned about the company’s foray into the beauty and personal care segment. They said that Yoo was concentrating more on the packaging and labeling the beauty products, their disposal, and recycling rather than selling them. She was asked about her plan to sell the products, the target consumers, and distribution channels. Help Yoo draw a convincing plan.

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| <p style="text-align: center;">Exhibit I : The Perils of Plastic Waste</p> |
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| <p>A garbage truck of plastic is reportedly dumped into the ocean every minute. With awareness about the problem growing, several companies have started working toward reducing plastic in their products. Many small companies have begun innovating in this direction and come up with packaging without plastic, while large corporations continue to make generous use of plastic. Christy Leavitt, Oceana’s plastics campaign director, says, “The biggest obstacle in shifting</p> |
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from a throwaway society to a refillable, reusable, zero-waste one is getting companies to break free from plastic and innovate.”³⁹

5 billion plastic cleaning bottles are thrown away each year. So many other products come in this packaging. Over 14 billion pounds of trash are dumped each year into the ocean. While plastic is recyclable, only 9% of it is recycled properly. That means the majority ends up in landfills or waterways and oceans.

On average, a human being consumes a credit card’s worth of plastic each week. Plastic is ingested through the water and food people consume, which are laden with microplastics.

Plastic has been found in 100% of marine turtles, 59% of whales, 36% of seals, and 40% of the seabird species examined. By 2050, scientists predict that the ocean will contain more plastic by weight than fish.

Exhibit II: Blueland Products

Cleaners

Multi-Surface Cleaner – Each tablet made one bottle of Multi-surface cleaner. As the name suggests, it could be used to clean different surfaces. One reusable 24oz bottle and 3 tablets were priced at US\$ 18.

Bathroom Cleaner – The tablets had to be dropped into water to get a liquid with a eucalyptus and mint aroma. This could be used to wipe the bathroom tiles and floor. Each tablet could be used to make one bottle of liquid. One refillable bottle along with 3 tablets was priced at US\$ 18.

Glass + Mirror cleaner – Priced at US\$ 18, the Glass + Mirror set consisted of a refillable bottle and 3 tablets.

Laundry Essentials:

Laundry Starter set: To wash clothes, laundry tablets had to be put in the drum of the washing machine, which had to be run as usual. The kit contained 1 steel tin and 60 laundry tablets and was priced at US\$ 25.

³⁹Liz Bothwell, Plastic-Free July: Talking Solutions for Businesses and Consumers, Waste360, July 27, 2020

Oxi Laundry Booster – 1 steel tin and 500 grams (25 loads) of oxi booster powder were priced at US\$ 25. For tough stains, clothes needed to be soaked in water mixed with the oxi booster. Or, the oxi booster could be poured directly into the washing machine drum.

Laundry dryer balls. These were made of New Zealand wool and were priced at US\$ 18. The dryer balls could be used as a replacement for dryer sheets. These were to be put into the dryer along with the washed clothes.

Dish Duo:

The cleaning powder could be applied to the sponge or mixed with water to create a thick foam to scrub dishes. Dishwasher tablets were also available, which could be dropped into the dispenser of a dishwasher. The starter sets came with a tin to store the tablets. The powder starter set came with a reusable 16oz silicone Forever shaker.

Cleaning companions:

These included cloud cloth – a reusable cloth, a cellulose sponge, and a scrub sponge.

Toilet cleaners:

The toilet cleaners included tablets which could just be dropped into the toilet bowl. Gentle brushing and flushing had to be then done. The tablet came with a fresh lemon scent to remove odors.

Hand soaps:

All the hand soap kits came with two 9oz reusable bottles. The hand soap sets with two refillable bottles and 6 refill tablets were priced at US\$ 34. One refill bottle and 3 tablets were priced at US\$ 18. All of these were made from plant-based and plant-friendly ingredients.

Botanical Hand soaps were available in three scents – Honey jasmine, Peony Blossom, and Magnolia Roseship.

Foaming Hand soaps: these were available in different scents like Iris Agave, Perrine Lemon, and Lavendar Eucalyptus.

Natural Collection: These were available in Iris Agave, Perrine Lemon, and Lavender Eucalyptus scents.

Mickey and Friends Hand Soap kit: This was a limited edition product in association with Disney. The soap kit, priced at US\$ 54, came with 4 reusable 9oz glass bottles that featured Disney characters (Mickey Mouse, Minnie Mouse, Donald Duck, and Daisy Duck). It also

included 8 Iris Agave tablets. A single reusable bottle along with three tablets was priced at US\$ 18.

Personal Care products

Body Wash: The Power-go-gel body wash and powder refill contained oats and Vitamin E, which created a rich and moisturizing lather. One 18 oz bottle and 3 powder refills were priced at US\$ 16. It was available in different scents like Sandalwood Sage, Raspberry Hibiscus, and Waterlily Dew.

Facial Cleaner: At US\$ 16 users could get an 8 oz bottle and 3 powder refill pouches.

Source: www.blueland.com

Exhibit III: The US Beauty and Personal Care Industry

The US beauty and personal care products market size was \$81.1 billion in 2019, and it is expected to witness a CAGR of 4.8% between 2020 and 2030 to reach \$128.7 billion in 2030. The rise in the aging population, growing prevalence of skin diseases, shifting interest of consumers toward organic and chemical-free products, and increasing personal care spending are the key factors driving the growth of the beauty and personal care products industry in the US.

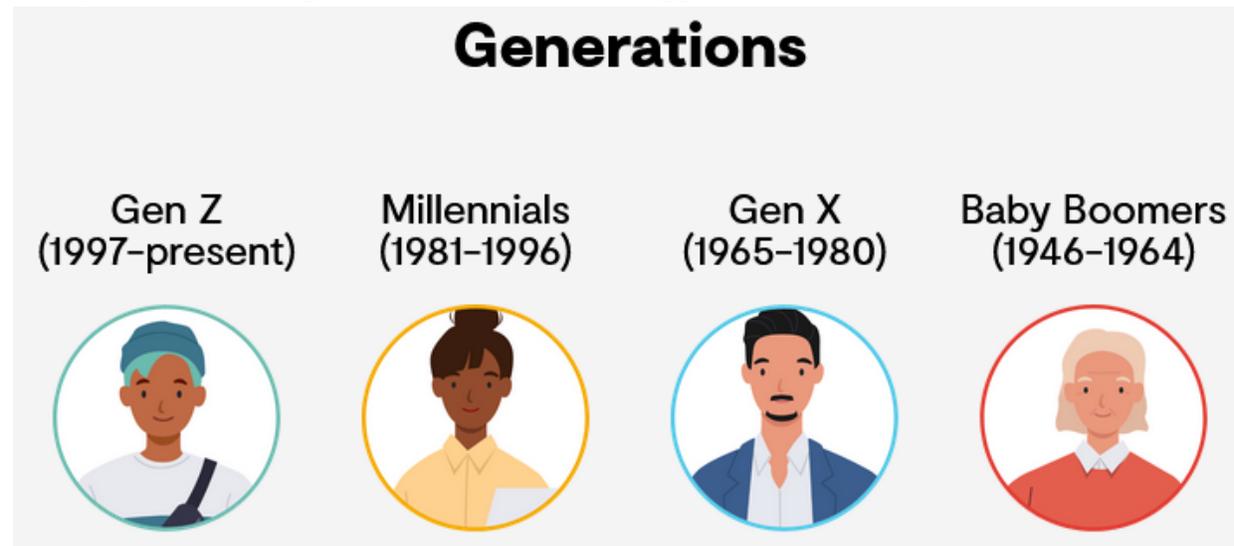
There has been a change in people's shopping habits after the Covid pandemic from what it was before it. While only 16% spent more than US\$ 50 on buying beauty products online before the pandemic, this increased to 49% by 2021. And 76% of the customers claimed they preferred to buy sustainably made products.

While consumers were buying fewer make up products in 2021 compared to 2019, the spending on skincare had increased.

Beauty Shoppers Across All Generations will Seek Out Sustainable Products



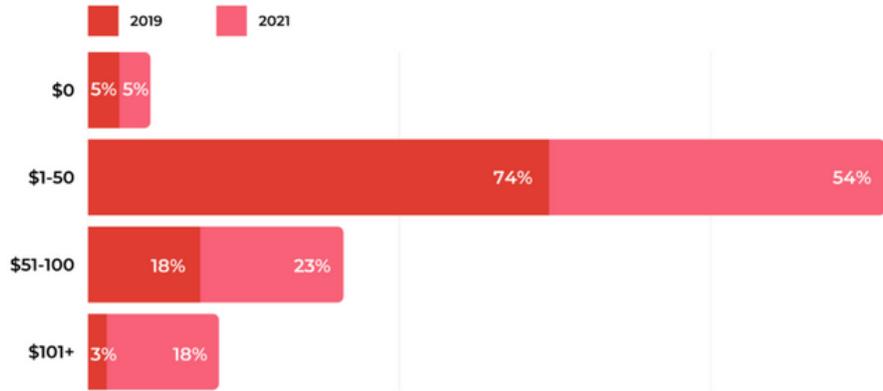
beauty increased among millennials and Gen Z shoppers.



The number of shoppers buying beauty and personal care products online increased between 2019 and 2021, with 53% buying more online products.

Before the pandemic, 37% of the shoppers typically purchased beauty and personal care products on e-commerce websites like Amazon. By 2021, only 18% of shoppers were opting for e-commerce websites, preferring to buy from the companies' websites. At the same time, shopping at stores also witnessed an increase between 2019 and 2021. In 2019, only 3% of consumers spent more than US\$ 100 at retail stores buying beauty products. By 2021, 18% of consumers were opting for physical retail.

Monthly Spending on Beauty Products Purchased in a Brick-and-Mortar Store



Where Do Consumers Shop for New-to-Them Beauty Products?

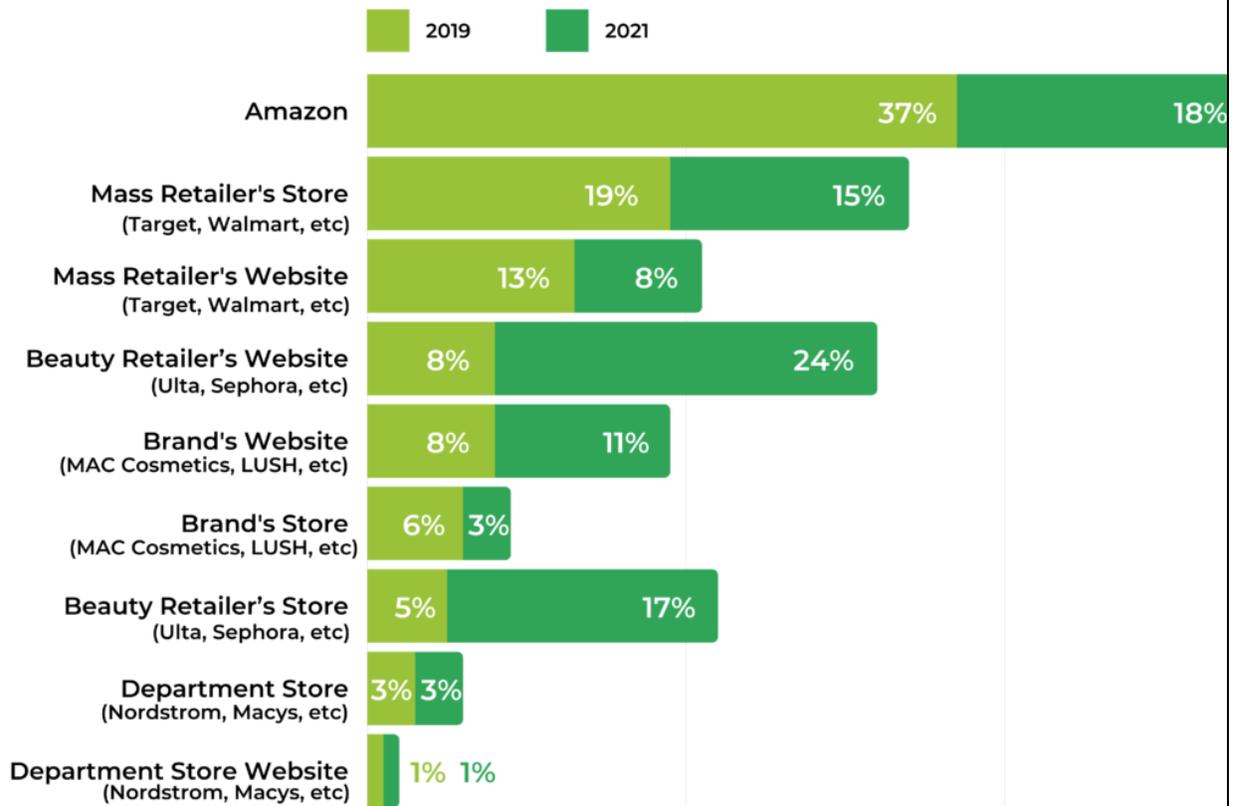


Exhibit V

Blueland – Competitor Profile

Branch Basics

This company offered reusable bottles. Instead of the tablets that Blueland produced, the product it sold was a concentrated liquid. The concentrate was plant and mineral based and had multipurpose uses. The Branch Basics Premium Starter Kit was priced at US\$ 75.

CleanCult

The products used coconut powdered formula that is environmentally friendly and also safe on the skin. Coconuts are antiviral, antifungal, and antibacterial. The other main ingredient was citric acid, which fights bacteria, mold, and mildew. The Cleancult Complete Home Bundle was priced at US\$ 170. CleanCult sold refills in compostable milk cartons, refillable bottles, and dispensers. Users could schedule the delivery of products as per their convenience.

Cleancut's all-purpose cleaners could be used for cleaning multiple surfaces including electronics. The multipurpose cleaner could be used to clean kitchens, bathrooms, or any other room. It came in glass containers. Cleancult claimed that plastic consumption could be reduced by over 80% compared to traditional cleaners by using compostable milk carton containers for shipping. Cleancult was certified by Leaping Bunny. The product was cruelty-free, GMO-free, and vegan. It was made entirely in the US.

Force of Nature

This was a natural EPA-registered disinfectant. The main ingredients of this cleaner were water, salt, and vinegar. The solution was electrolyzed, which activated the cleaner. It killed 99.9% of germs and also viruses like NoroVirus, Salmonella, Staph, MRSA, Listeria, and Influenza A. The cleaner was also claimed to be effective against SARS-CoV-2, which causes Covid-19. The products were reportedly devoid of toxic chemicals, fumes, or residues and considered safe for kids and pets.

The Force of Nature system came with a starter kit with an appliance to electrolyze the solution of water, salt and vinegar. The Force of Nature starter kit, priced at US\$ 80, included the electrolyzer appliance, a power cord, a 12oz reusable spray bottle, and five activator capsules. To make the solution, the electrolyzer needed to be filled up with cool water. Then the power cord had to be plugged into the electrolyzer, and the contents of the activator capsule squeezed into the water. When the start button of the electrolyzer was pressed, a blue light appeared, which turned green once the solution was ready. The solution had to then be transferred into spray bottle use. A solution that was made once could be used for 14 days.

Though the initial price was high, once the users had the appliance, it took only US\$ 0.10 to make an ounce of cleaning solution.

JAWS

JAWS stood for Just Add Water System. The line included six use-specific cleaners for different surfaces like granite and hardwood. JAWS came with reusable spray bottles into which refill pods had to be added along with water to make an effective cleaner. As six different varieties of cleaners were available, JAWS had six different reusable bottles, each labeled for a specific purpose. There were specific cleaners for kitchen, glass, hardwood, shower, disinfectant, and granite.

To make the cleaners, refill pods had to be inserted into the mouth of a bottle filled with water. The bottle needed to be closed, after which the organic cleaning concentrate in the pod was released into water. Refills could be ordered separately or as subscription. JAWS cleaners were non-toxic.

Truman's

Truman's sold four essential cleaners, along with dishwasher detergent, laundry detergent, and toilet bowl cleaners. The company streamlined the supply chain to make it eco-friendly. All the products were produced in the US.

Truman's also sold different bottles for different cleaning products, and the pods needed to be placed on the neck of the bottle and the sprayer had to be twisted to release the concentrate into the water. The starter kit contained four cleaners – kitchen sink cleaner, floor cleaner, glass cleaner, and shower cleaner. Other products included cleaning towels and sponges.

Others

Apart from the new companies, there were several other FMCG Companies which had brought out or were planning to launch concentrated products. In 2018, Seventh Generation introduced a laundry detergent that used 50% less water and 60% less plastic. It was sold in a bottle that was 75% lighter than the standard detergent bottle. In 2019, Amazon launched Clean Revolution, which was a concentrate equivalent to six refills.

FMCG giant Unilever launched Cifecorefill in July 2019. The liquid was 10 times more concentrated than the normal Cif liquid, and had to be mixed in water in and used. Unilever also brought in a refill tube that could be recycled. Unilever also agreed that diluting the product at home meant using 97% less water and 87% fewer trucks being used to transport it.

