

Energizer turns to recycled materials to power up its battery business

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Consumers will soon have the option to power their radios, remote controls and other devices with AA and AAA batteries made from recycled battery materials, an industry first that Energizer Holdings says will pave the way for all its batteries to be made with recycled material.

Energizer Holdings' new EcoAdvanced disposable batteries, which launch this week, contain recycled materials representing 4 percent of the <u>battery</u>'s total weight.

The battery maker said it's the first step toward a goal of having recycled battery material account for 40 percent of the battery's total weight within a decade. The batteries will be available nationwide initially, and will expand internationally later this year.

Most batteries used in consumer products no longer contain mercury. Due to environmental concerns, the U.S. Congress passed the Mercury-Containing and Rechargeable Battery Act in 1996 that phased out the use of most mercury-containing batteries.

Energizer's new batteries last longer than other alkaline batteries, which will reduce the amount of waste in landfills, as consumers need to replace them less frequently, said Michelle Atkinson, vice president and chief marketing officer for Energizer's Household Products division that includes batteries, flashlights and other lighting products.

The EcoAdvanced batteries - the biggest innovation for the company



since it debuted Ultimate Lithium batteries 10 years ago - will be manufactured at a facility in Asheboro, N.C.

"The real innovation here is taking and using the recycled battery material without compromising the run time," Atkinson said.

Atkinson was with a team of scientists touring a battery recycling material in France seven years ago when the idea for EcoAdvanced began to form. There currently are few uses for batteries that end up in recycling centers, Atkinson said: "We thought, there has to be a better way to use this material."

Energizer already provides information on its website that shows consumers where they can recycle batteries.

More than a year ago, the company partnered with Earth 911, a website that provides information on where to find thousands of drop-off sites around the country to recycle alkaline batteries and other materials.

Energizer also will debut on Feb. 16 a new advertising campaign for the new batteries with its mascot, the Energizer Bunny, in a starring role.

Energizer's development of EcoAdvanced batteries comes as battery sales continue to fall, dragged down by electronics that have built in, rechargeable batteries. Battery sales in the U.S. fell 4 percent to \$2.8 billion for the year that ended Dec. 28, according to Chicago-based market research firm IRI, and unit sales fell more than 5 percent.

In Energizer's most recent fiscal year that ended in September, net sales in its <u>household products</u> division - basically its battery business - dropped 9 percent, to \$2.02 billion.

"Certainly the category has faced headwinds," Atkinson said, adding



consumers responded favorably to EcoAdvanced batteries in recent focus groups. "We believe we'll have significant momentum in the marketplace," she said.

Energizer announced last year that it's splitting its household products and personal care divisions into two separate publicly traded companies in 2015. Its personal care brands include a range of products from Hawaiian Tropic sunscreen to Schick shavers.

The spinoff is on track to be completed by July 1, Chief Executive Ward Klein said in a conference call with analysts last week. After the spinoff is complete, Kleinwill become executive chairmanof the board of the standalone Personal Care business. Energizer's board chairman J. Patrick Mulcahy will become board chairman of the Household Products company, and Alan Hoskins, president and CEO of Energizer Household Products division, will become CEO of the Household Products company.

Energizer's biggest rival in the battery aisle, Duracell, also is in the midst of change. Procter & Gamble is selling its Duracell battery business to Berkshire Hathaway in a deal expected to close in the second quarter.

Nick Cunningham, an analyst at Cleveland-based market research firm The Freedonia Group, said both Energizer and Duracell recognize that alkaline batteries are not going to be used for tablet computers and laptops, but are trying to improve performance to make them attractive for powering portable electronics, flashlights and clocks.

"Alkaline batteries are still considerably cheaper than rechargeable batteries and non-rechargeable lithium batteries, so this is alkaline's main advantage," Cunningham said.

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