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Rethinking Sustainable Packaging in FMCG

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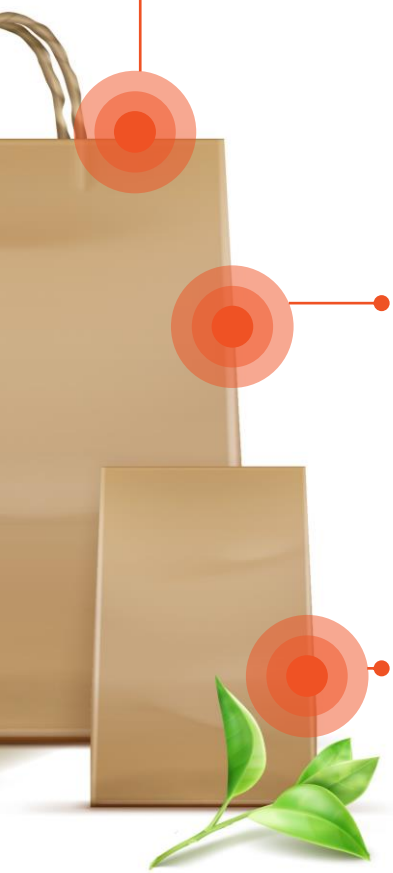
It's a watershed moment for FMCG companies, and the global $900 billion-a-year packaging industry, further fueled by the rising popularity of e-commerce in our post-COVID world. With growing public awareness around sustainable packaging and images of plastic pollution floating up to the top of our social and news feeds, the pressure is at an all-time high for the sector to rethink sustainability. Many leading manufacturing companies have made bold commitments in the past few years—about reforming their current sustainability practices—and regulatory bodies, local governments, and social activists are keeping a close-watch on their promises to deliver real sustainable solutions in the years to come.

Present Challenges in Sustainable Packaging

For the past decade or so, sustainable packaging meant going 'lightweight'—less volume, affordable and convenient, but this make-do approach has run its course. Lightweight packaging is neither recyclable, nor reusable, and is unfortunately destined for more landfills and incineration, wrecking the global ecosystem in the process. So, if not lightweight, then what is the next best solution for organizations to adopt? What other challenges do they face in making their sustainable packaging intentions a reality?



- **Complex nature of sustainability and long-term planning:** While regulatory practices across domains continue to become stricter by the day, these approaches also differ across regions, making it hard for FMCG corporations to find a one-size-fits-all approach to sustainability. Plastic bans have already been imposed in several parts of the world, heavy tax burdens on the use of single-use plastic in others, and for those that currently maintain status-quo can be expected to adapt and follow-suit. As a consequence, multinational FMCG companies are finding it harder than ever to plan efficiently for the long-term.

- **Widening Gaps in Packaging Value Chain:** From developing packaging material, managing waste collection to recycling systems infrastructure, gaps across the packaging value chain are seen to be increasing. To start with, present packaging materials cannot be recycled with today's recycling systems, especially for multi-layer packaging; packaging leakages are leading to large-scale dumps and the subsequent emission of greenhouse gases, thereby increasing manufacturers' carbon footprint; and together, organizations face the daunting challenge of managing a trade-off between recyclable solutions and carbon footprint.

- **Slow Market Adoption:** While many FMCG companies have committed to expand their sustainable packaging solutions, executing changes in packaging material has innumerable implications – changes to branding regulations and product portfolios, use of different types of plastics for different product segments, and applications based on the areas of operations. These changes also pose imminent threats to many segments within the packaging value-chain, and the need to form close partnerships over third-party subscriptions with packaging converters, recycling companies, and other relevant stakeholders brings a dimensional shift to the way FMCG has done business in the past.

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Clearly, FMCG has entered a new era of business, an unfamiliar territory, with many complexities and nuances, that are making it undeniably hard for corporations to execute the sustainability promise with ease. However, there are some trends and packaging models emerging that throws light towards new possibilities and the overall trajectory of the sustainable packaging story.

Emerging Trends in Sustainable Packaging

A clear insight the industry has gained in the ways their past solutions have faltered is that the future of recycling needs to **actively reduce carbon footprint**. On one hand, we must look at materials that can be perfectly recycled or reused through a customer return process; the other must find a way to efficiently dispose off the existing recycling infrastructure and manage the collateral damage that minimally affects our environment. The below trends can inspire the next wave of sustainable efforts across the global FMCG network, and beyond.

1

Alternative Packaging Solutions

There has been a steady influx of new packaging materials and technologies in recent years. Some of these include:

Plant-based Packaging

Bio-based lids and scoops made from sugarcane were introduced by Nestlé that are "made from renewable plant material that can be continually replenished and that absorbs carbon dioxide from the atmosphere. In addition, this packaging helps Nestlé reduce its use of fossil-based plastics" as well, reducing their total packaging tonnage by approximately 3% from 2019 to 2020.

Paper-based Packaging

Virgin fiber, used for paper and board production from timber, is now directly being used as packaging material that can be recycled 5-7 times on average—and is a core component of P&G's sustainable packaging initiatives. The company recently launched a paper bottle pilot in Europe—to eventually create a fully bio-based bottle along with a group of innovators—that reduces the use of plastic in all its packaging operations and subsequently lower carbon footprint.

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2

Reusable Packaging Solutions

Bioplastics and returnable solutions have also been in the fray and are being piloted across the world. Some of these include:

Bioplastics and rPET

Market leaders like Coca-Cola have taken cognizance of the impact of their plastic bottle products on a global scale, and introduced bio-based bottles, and recycled bottles—rPET—and has begun transitioning a selection of plastic bottles across its U.S. beverage portfolio to 100% recycled PET (or rPET)

Returnable Packaging

Unilever launched a 'refill on the go' pilot that allows consumers to "pick up a pre-filled stainless steel bottle from the shelf and return it in-store once used, where they are collected to be cleaned and refilled." The pilot has seen encouraging insights – 94% of consumers in the UK are more likely to invest in refills versus buying new products in-store if they are available, 89% are likely to buy a product because its packaging can be reused, and over 33% are likely to use refill stations in the future due to their value for money.

3

Fight Against Packaging Waste

Waste reduction from existing packaging infrastructure needs a holistic makeover and Kraft Heinz has been leading the way, from sourcing, production, material flows and end-of-life packaging considerations.

By December 2020, nearly 10 percent of Kraft Heinz's global manufacturing facilities achieved zero-waste-to-landfill status and are working towards replicating this model among all its partners and third-party service providers.

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How Startup Innovations Have Re-energized Sustainable Packaging

The climate change crisis has inspired a range of creators, engineers, scientists, startup founders, and even investors to take action and find niche ways of addressing the sustainable packaging issue. Below are a few examples that demonstrate the power of innovation to engage collectively in our global fight against plastic-caused collapse of our ecosystem.

01

From Fossil Fuels to Plant Sugars: Avantium, a biochemicals company in the Netherlands, has a pioneering project in place that aims to make plastics from plant sugars rather than fossil fuels—extracted from sustainably grown crops, such as corn, wheat or beets—to create "all-plant" bottles that will hit the supermarkets soon. Initial supporters of this line of sustainable packaging products include Carlsberg and Coca-Cola.

02

Reducing Marine Pollution from Plastic Waste: Aggarwal Biotech, an Indian biotech startup, "manufactures biopolymer compounds for application in extrusion blowing of film for shopping bags, packing of grocery, fruits, vegetables, and apparel, as well as garbage bags, disposal bags, and agricultural films." Increasingly, the use of bioplastics to create more sustainable packaging material can be expected to be rolled out across large to mid-sized FMCG companies.

03

Packaging Solutions that Naturally Biodegrade: London-based startup, Notpla, specialized in packaging solutions made from seaweed and plants that biodegrade in 4-6 weeks, naturally, making it the ideal material for on-the-go products.

While many FMCG market leaders have 5-10 years sustainable goals in place, we have seen the complexities in planning, packaging and scaling, and these challenges aren't going away anytime soon. In fact, sustainability is much more than just packaging, for numerous, unseen and unidentified challenges remain throughout the value chain. And yet, the future looks bright because global awareness is leading to action, in both small and big ways—and we're together in this fight to make our world a better place.

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