

PROJECT RECYCLED

By Tina Caputo

Packaging sustainability isn't just a trend, "it's a global shift," states PMMI: The Association for Packaging and Processing Technologies in its Packaging Sustainability 2020: A Changing Landscape report. Indeed, with 80% of the 25 largest consumer packaged goods (CPG) companies working toward fully recyclable packaging for all of their products by 2030, the food and beverage industry is moving toward sustainability by leaps and bounds. The shift isn't only a matter of corporate responsibility, it's a do-or-die response to growing consumer demand.

"Consumer interest in healthy living has become a top priority since the pandemic hit," says Rachel Kenyon, SVP of Fibre Box Association in Itasca, Ill. "There is also a sense of personal responsibility that has come along with the crisis, and a link between healthy living and sustainability is natural. Together, these two issues are motivating consumers to make positive changes."

In this report, *Winsight Grocery Business* explores the ways in which suppliers, CPGs and grocery retailers are addressing increasingly louder calls for packaging that is recyclable, reusable or compostable. This report also delves into the latest research on consumer preferences, highlights the latest trends in sustainable packaging and shines a spotlight on retailers and CPGs that are leading the way in the sustainable packaging movement.



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REVEALING RESEARCH

Data and research from leading industry sources tell the sustainability story.

Sustainability has become an increasingly hot topic in the food and beverage sector, with eco-friendly packaging top of mind for retailers, packaging professionals and CPGs. The latest studies and surveys from leading industry associations provide a window into the motivating factors behind the drive toward sustainable packaging and the industry's commitment to change.

As FMI's report *The Food Retailing Industry Speaks 2020* points out in its top 10 take-aways, the pandemic hasn't derailed social responsibility. Just over half (53%) of food retailers surveyed have clear objectives and implementation time frames in place for reducing packaging waste, and 28% are working to create waste reduction goals. This is a significant jump from 2019, when 41% of participants said they had quantified goals for package waste reduction.

Sustainability is also becoming a major focus for CPGs. As the Consumer Brands Association (CBA) confirms in its *Industry View 2020* report, "Sustainability is critically important to CPG leaders, just as it is to American consumers. From water conservation to recyclable packaging to reduced emissions, sustainability initiatives are assuming increasing importance." Of CPG leaders surveyed for the report, 93% said they spend more time on sustainability issues today than they did five years ago. They also ranked concerns over plastic and packaging waste among the top issues likely to impact their businesses in 2020.

According to PMMI research, sustainability has become a key part of many companies' overall brand stories, as consumer

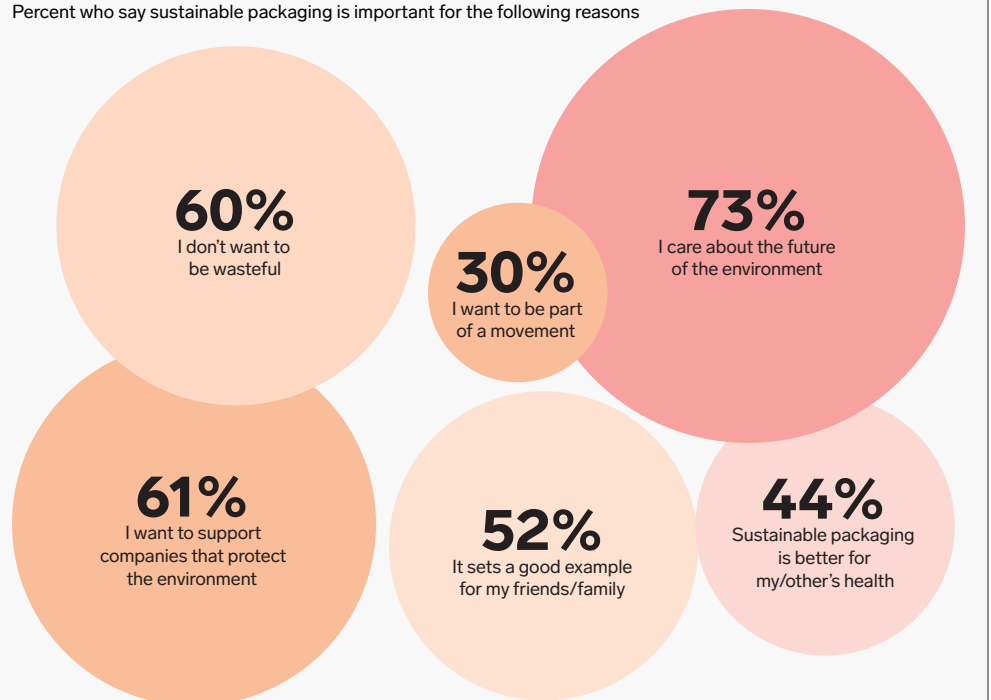
CPGs' Packaging Sustainability Strategies



Source: PMMI Packaging Sustainability 2020: A Changing Landscape report

Motivations Behind Choosing 'Greener' Packaging

Percent who say sustainable packaging is important for the following reasons



Question: Why is sustainable packaging important to you in your day-to-day purchases?

Base: 654 U.S. internet users ages 16-64 who say sustainable materials are important | Source: GlobalWebIndex March 2019

“Recyclable materials are on our high-priority list, but longer shelf life is hard to achieve without plastic, and it’s very costly to make packaging changes.”

—Packaging engineer,
frozen meats

awareness and concern increase regarding marine pollution, low recycling rates and the use of nonrenewable resources in packaging. Driven by factors such as consumer brand perception, competitive pressure and the desire to be good stewards of the planet, manufacturers are rethinking and retooling their product packaging.

PMMI’s survey found 80% of CPGs are minimizing packaging to reduce waste. Likewise, 89% are designing recyclable packaging, and 56% are redesigning packaging to use more sustainable materials.

Companies are also investing in equipment to aid in their sustainability goals. About 1 in 4 CPGs are making machine purchases or modifications specifically to address packaging sustainability. Increasingly, food manufacturers are retrofitting existing machines to accommodate plant-based packaging materials, while personal care companies are purchasing new equipment for refillable product solutions.

More than one-third of CPGs are implementing reuse, return or refill options, and more than half of those surveyed by PMMI are considering new packaging formats to improve recycling. Twenty-five percent are exploring renewable packaging, such as plant-based and bio-based options.

CPGs Commit to a More Sustainable Future

The nation’s leading companies are making major commitments to sustainability through packaging initiatives. Here is the Consumer Brand Association’s ranking of packaging sustainability pledges by the 25 largest CPGs.

1 Nestle

Nestle has committed to 100% recyclable or reusable packaging by 2025 and will reduce the use of virgin plastics by one-third by 2025.

2 Procter & Gamble

P&G has committed to achieve 100% recyclable or reusable packaging by 2030. They will also reduce global use of virgin petroleum plastic in packaging by 50% by 2030.

3 PepsiCo Inc.

By 2025, PepsiCo strives to design 100% of packaging to be recyclable, compostable or biodegradable, and reduce virgin plastic use across its beverage portfolio by 35%.

4 Unilever

Unilever committed to making all its plastic packaging fully reusable, recyclable or compostable and to increasing recycled plastic material content to 25% by 2025.

5 Anheuser-Busch InBev

By 2025, 100% of Anheuser-Busch products will be in packaging that is returnable or made from majority recycled content.

6 Tyson Foods

In addition to Tyson’s commitments as part of the Ellen MacArthur Foundation New Plastics Economy, the company’s packaging design process prioritizes increasing the use of recyclable and renewable materials, as well as minimizing packaging.

7 Coca-Cola Co.

As part of Coca-Cola’s “World Without Waste” initiative, the company set a goal to make all global packaging 100% recyclable by 2025 and to collect and recycle a bottle or can for each one sold by 2030.

8 Mars

Mars has committed to 100% reusable, recyclable or compostable plastic packaging by 2025, as well as a 25% reduction in virgin plastic and 30% average recycled content by 2025.

9 L’Oreal

L’Oreal recently partnered with Loop Industries to purchase PET resin made of 100% recycled materials.

10 Danone

Danone is part of the Ellen MacArthur Foundation New Plastics Economy Global Commitment and contributes to the United Nations Sustainable Development Goals.

11 Kraft Heinz

Kraft Heinz aims to make 100% of its packaging globally recyclable, reusable or compostable by 2025.

12 Mondelez International

Mondelez International is committed to making all packaging recyclable by 2025 and sustainably sourcing all paper-based packaging by 2020.

13 Heineken Holding

Heineken is part of the United Nations’ Sustainable Development Goals, with commitments to substantially reducing waste generation through prevention, reduction, recycling and reuse by 2030.

14 Henkel AG

By 2025, 100% of Henkel’s packaging will be recyclable or reusable and the use of virgin plastics will be reduced by 50%.

15 Kimberly-Clark Corp.

Kimberly-Clark is committed to increasing its net recycling value by 10%, or 500 tons, every year. Through design innovations and post-consumer waste solutions, the company saved 150,453 metric tons of finished product and packaging from being landfilled.

16 Associated British Foods

In coordination with the United Nations’ 2030 Agenda for Sustainable Development, Associated British Foods is working to improve food packaging technology to reduce food waste.

17 General Mills

By 2020, General Mills will sustainably source 100% of its fiber packaging and by 2030, 100% of General Mills products will have recyclable packaging.

18 Colgate-Palmolive Co.

By 2025, Colgate-Palmolive will achieve 100% recyclable packaging for all categories, including innovation in oral care packaging.

19 Newell Brands

Newell Brands is focusing on sustainable packaging innovation and increasing its use of green materials, including a goal of having 100% of direct sourced paper-based product packaging supplied by certified, verified or recycled sources by 2025.

20 Johnson & Johnson (Consumer)

Johnson & Johnson pledged to use more recycled materials in packaging, reduce reliance on the single-use model and ensure that 100% of plastic packaging be reusable, recyclable or compostable by 2025.

21 Grupo Bimbo

Bimbo Bakeries USA committed to 100% sustainable packaging for its entire product portfolio by 2025.

22 RB

By 2025, all RB packaging will be 100% recyclable or reusable and include at least 25% recycled plastic content.

23 Kellogg Co.

Kellogg Co. is working toward 100% reusable, recyclable or compostable packaging by the end of 2025.

24 MolsonCoors Brewing Co.

MolsonCoors pledged to attain 100% reusable, recyclable, compostable or biodegradable packaging by 2025.

25 Keurig Dr Pepper

By 2025, 100% of Keurig Dr Pepper’s packaging will be recyclable or compostable and use 30% post-consumer recycled content.

CONSUMER CONNECTION

Consumers demand sustainable packaging, and they're willing to pay more for it.

It's no surprise the move toward packaging sustainability is driven by shopper demand, and with health at the forefront during the pandemic, sustainability is poised to gain importance in the coming years.

Among shoppers' motivations for seeking greener packaging, according to the GlobalWebIndex study Sustainable Packaging Unwrapped, are caring about the environment (73%), the desire to support companies that protect the planet (61%), avoiding wastefulness (60%), setting a good example for their families (52%) and the belief that sustainable packaging is better for their health (44%).

As consumers become more interested in knowing where their food comes from, says Kenyon of Fibre Box, the desire to understand where product packaging originates and where it will end up is a natural progression. "With widespread coverage of the challenge plastics pose to the environment," she says, "consumers have gotten savvy about looking for more sustainable packaging." This includes paper-based options such as corrugated boxes, folding cartons and kraft paper bags. "Consumers want packaging that protects products, comes from renewable resources and is being recycled to create another package," Kenyon says.

The Sustainability in Packaging: Inside the Minds of U.S. Consumers report, published by New York-based global management consulting firm McKinsey & Co., confirms consumer attitudes about sustainable packaging have changed significantly during the past year. Before the pandemic, consumers were increasingly aware of the harmful effects of certain packaging materials on the environment. However, their views have evolved.

Other Trends in Consumer Demand



For fresh fruit, vegetables and fresh meat, shoppers want more recyclable or compostable films and more paper- and board-based packaging.



In the beverage category, shoppers expect plastic bottles that are more recyclable or made entirely from recycled content. They also ask for more metal and glass packaging.



Consumers would like more recyclable and recycled plastic packaging, along with fiber-based options, in the packaged dry food segment.



In the dairy department, demand is strong for flexible and rigid plastic packaging that is fully recyclable or compostable, or includes recycled content.



For frozen foods, consumers want more plastics with recycled content.

Source: McKinsey & Co.

Key Findings

55%

Amount of U.S. consumers "highly concerned" about the **environmental impacts** of packaging.

Most consumers (60%-70%) are willing to pay more for "green" packaging. Fifty-two percent would **purchase additional sustainably packaged products** if more options were available and they were better labeled.

The COVID-19 crisis has significantly heightened **consumer sensitivity to hygiene and food safety**, which are now strong preferences for packaging materials.

When asked what they'd like to see going forward, consumers are almost equally interested in **recyclable/recycled plastic packaging and fiber-based substitutes**.

The report also assesses the types of sustainable packaging that American consumers expect to see more often. Overall, shoppers want **plastic film and rigid packaging to be recyclable** or to include higher levels of recycled content, and they expect companies to introduce more compostable packaging.

Source: Sustainability in Packaging: Inside the Minds of U.S. Consumers report

GENERATIONAL DRIVERS

The demographics supporting sustainability.

Demand for sustainable packaging is especially strong among younger shoppers. According to PMMI research, a new generation of consumers is actively seeking out sustainably packaged products, checking labels for recycling information, looking for indications of sustainable initiatives and paying higher prices for goods packaged in sustainable materials.

Similarly, the Sustainable Market Share Index from New York University's Stern Center for Sustainable Business, created in partnership with IRI, reports that those most likely to buy sustainably marketed products are millennial consumers who live in urban areas, fall into upper-income brackets and are college-educated. However, it isn't only younger consumers who are demanding sustainable packaging. The report also indicates that middle-income consumers, baby boomers and Gen Xers account for a significant percentage of sustainable sales.

While the Stern Center study defines sustainably marketed goods as those labeled as organic, third-party certified and the like—vs. those packaged sustainably—its findings provide insights into the types of sustainable products that are most in demand. Products that accounted for the largest share—more than 20%—of sustainably marketed product sales in 2020 include toilet paper, yogurt, milk and coffee.

"Not only are sustainability marketed products growing, but they also are contributing to a disproportionate share of the CPG category growth," the report states. Indeed, sustainability marketed products delivered 54.7% of CPG market growth from 2015 to 2019 despite representing only 16.1% dollar share of the category in 2019.

THE ROLE OF RETAILERS

Food retailers are striving to give consumers what they want—and that means more sustainable packaging options.

Retailers have a key part to play in the move toward sustainable packaging—not only by embracing it for own-brand products but in communicating sustainability messages to consumers.

In 2019, Batavia, Ill.-based Aldi announced plans to make 100% of Aldi-exclusive product packaging reusable, recyclable or compostable by 2025. Own-brand products account for 90% of all items sold in Aldi markets, giving the company a large degree of control over packaging throughout its stores.

In March 2021, the company bolstered its 2019 pledge with new initiatives, which include reducing greenhouse gas emissions 26% by 2025, diverting 90% of operational waste by 2025, reducing food waste 50% by 2030 and reducing packaging materials by 15%. Efforts to reduce packaging materials will begin this year, and by the end of 2021,

Styrofoam will be removed from all produce packaging.

“Sustainability has always been a driving force at Aldi, and we know it’s important to our shoppers,” an Aldi spokesperson notes. “While many of our foundational business operations are rooted in sustainability—such as never having offered single-use plastic bags at checkout in stores—we realize there’s still more to be done across the industry.”

Aldi has also joined the U.S. Plastics Pact, and has labeled more than 4,000 food and nonfood products with a How2Recycle label to promote customer recycling at home.

Aldi isn’t alone in its commitment to sustainability. For its Shopping for Plastic: The 2021 Supermarket Plastics Ranking, Greenpeace USA rates 20 major U.S. grocery retailers based on their efforts to reduce their reliance on plastics. The ranking is based on information provided by the grocery retailers through an online survey, as well as direct contacts and public information.

Topping this year’s list are Giant Eagle, Aldi, Sprouts Farmers Market, The Kroger Co., Albertsons Cos., Costco, Walmart, Ahold Delhaize, Wegmans and Whole Foods Market.

While grocers have made progress since Greenpeace’s 2019 ranking, which called on retailers across the country to do better, the pandemic led some companies to put their sustainability efforts on pause in 2020. “U.S. grocery retailers largely deprioritized sustainability, including plastic pollution,” the report states. Fortunately, however, many are now restarting initiatives.



“Grocers have an opportunity to show solidarity with their customers by acknowledging and embracing the marriage between personal health and the health of our planet,” notes Kenyon of Fibre Box. “Both brands and retailers can ensure that they are communicating the package’s recyclability, recycled content or other environmentally responsible attributes.”

In the post-pandemic world, “brand attractiveness, including the retailers’ brand, will continue to be driven by its power to curate products that shoppers care about. Symbols regarding Earth-healthy packaging will be as prevalent as messages about the human-healthy foods in the bag, box or overwrapped tray. Shoppers may not notice having to pay a few extra nickels for more sustainable packaging, but likely will be glad to do so if provided the reassurance,” adds Glen Adamik, director of strategic marketing for LK Packaging in Commerce, Calif.

Greenpeace’s Top 5 Grocery Retailers

The following grocery retailers topped Greenpeace USA’s 2021 ranking of stores that are reducing their reliance on plastics.



Giant Eagle

Giant Eagle shot to the top of the list from 16th place in the 2019 ranking, thanks to bold actions such as committing to eliminating all single-use plastics by 2025. The retailer is currently developing sustainable packaging guidelines for its suppliers.



Aldi

Aldi is one of the few retailers that almost exclusively sells private-label products, which gives the company a great deal of control over product packaging decisions. Aldi announced a goal in 2019 of switching to 100% reusable, recyclable and compostable packaging, and to reducing product packaging 15% by 2025.



Sprouts Farmers Market

Sprouts moved up the ranking two spots this year. While the company doesn’t currently have an official commitment on single-use plastics, it is creating internal sustainable packaging guidelines, engaging suppliers and developing packaging reduction targets. Sprouts stores also have reuse and refill options and a large bulk section.



The Kroger Co.

Kroger has a goal of switching to 100% recyclable, compostable and/or reusable own-brand packaging by 2030, and is the only retailer that has promised to eliminate the use of single-use plastic checkout bags by 2025. Kroger has reduced more than 10 million pounds of plastics through lightweighting, packaging redesign, and increased recycled content.



Albertsons Cos.

Albertsons publicly committed to making its own-brand packaging 100% recyclable, reusable or industrially compostable by 2025. The retailer is part of the Ocean Plastic Leadership Network and has eliminated some single-use plastics in its foodservice operations.

RECYCLING REALITIES

Communicating information about recycling is another way retailers can show their commitment to sustainable packaging.

“I t is essential to understand and communicate that sustainability includes the product’s full life cycle—shop, buy, use, reuse and recycle,” says Kurt Richards, director of marketing for Anchor Packaging, St. Louis. “Retailers who choose sustainable solutions that are easy for consumers to implement, such as reusable and recyclable packages, should also communicate these choices and the opportunity for the consumer to play a role.”

“We know from a recent recycling partnership survey that 83% of consumers view their ability to recycle as important,” confirms Ron Cardey, SVP of Kwik Lok in Yakima, Wash. “People really want clarity about where the package should go. Is it recyclable or compostable, or should it go to the landfill?”

Though many look for compostable or biodegradable products, “most consumers do not have access to commercial composting or even home composting. This means those products go into the landfill or contaminate the recycling stream,” he adds. To provide shoppers with clarity, many of Kwik Lok’s customers are adopting the How2Recycle label.

Developed by the Sustainable Packaging Coalition, How2Recycle applies to all packaging materials and formats, with the goal of providing accurate, consistent on-package recycling instructions to consumers, including information about store drop-off options for packaging that can’t be recycled curbside.

In the coming years, PMMI anticipates that smart technology will be incorporated directly into product packaging to educate consumers about where and how they can recycle it. **G**

Innovators Moving the Needle

Over the past few years, the nation’s top CPG companies have made commitments to adopting sustainable packaging, and many are rethinking their traditional designs to present products in innovative ways. Here are three CPGs that are moving the needle.



Procter & Gamble

In 2010, Cincinnati-based P&G announced an ambitious plan to reduce the company’s environmental impact. Over the past decade, P&G has met nearly all of its waste-reduction goals for 2020, including having 100% of its paper packaging contain either recycled or third-party certified virgin content; doubling the use of recycled resin in plastic packaging; and ensuring that 90% of product packaging is either recyclable or that programs are in place to create the ability to recycle it. Among the company’s goals for 2030 are to adopt 100% recyclable or reusable packaging, and to reduce global use of virgin petroleum plastic in packaging by 50%.

In keeping with its goal to adopt 100% reusable or recyclable packaging, P&G introduced all-paper, plastic-free packaging for its Old Spice and Secret deodorant brands last year. In 2020, P&G also expanded its “Eco-Box” laundry detergent packaging beyond Tide to include Downy, Gain and Dreft. The boxes use 60% less plastic than the company’s traditional detergent containers, and ship to consumers via e-commerce in a corrugated box, without wasteful outer boxing or interior padding.



Unilever

As part of its Sustainable Living Plan, Unilever has committed to making all its plastic packaging fully reusable, recyclable or compostable, and to increasing the recycled post-consumer plastic material in its packaging to 25% by 2025. In the same time frame, the company aims to halve the amount of virgin plastic used in its packaging and help collect and process more plastic packaging than it sells. The company pioneered new technology in 2019 to help recyclers distinguish black plastics—previously impossible to detect and sort for recycling—for its Treseemme and Axe brands. Last year, Unilever introduced 100% recycled and recyclable plastic jars and bottles for Hellmann’s products in North America. Unilever estimates that this move will cut its use of virgin plastics in the U.S. by 13,000 tons per year.



Diageo

In November 2020, the global drinks company Diageo launched its Society 2030: Spirit of Progress sustainability action plan. Its commitments include switching to 100% recycled content in its plastic packaging by 2030 and ensuring 100% of its packaging is widely recyclable, reusable or compostable by 2025. At 99.5%, nearly all of its packaging is now recyclable. This year, Diageo will debut paper bottles for its Johnnie Walker whisky brand. The announcement coincides with Diageo’s partnership with the venture management company Pilot Lite to launch Pulpex Ltd., a sustainable packaging technology company.

CPG Companies Leading the Way

Companies are going public with packaging pledges and introducing innovations.

A new report from CBA, The CPG Post-Pandemic Outlook: Five Trends Emerging From COVID-19 That Will Redefine the Industry, explores pandemic impacts likely to shape business operations in the coming years. Released in March 2021, the report is based on an Ipsos poll as well as interviews with subject-matter experts.

Along with elevated CPG demand, supply chain shifts, increased consumer-driven transparency demands and improved consumer perceptions of CPGs as forces for good, the report cites the “urgency to fix America’s recycling system after the consequences of an increase in plastic and waste during COVID-19” as one of its top five takeaways.

With most Americans (59%) wishing to see a mix of packaging alternatives, and new generations of eco-conscious consumers now reaching adulthood, CBA said it is now up to recycling processors to innovate and update their systems to meet demand. “For far too long, innovation has been siloed,” says Meghan Stasz, VP of packaging sustainability for CBA. “But what good does it do if a CPG company invests in research to find a way to make flexible plastics that are easily recycled if there isn’t a system capable—or willing—to take them?”

While every type of packaging material has its environmental pros and cons, she adds, “CPG companies are increasingly making packaging decisions based on what minimizes that footprint.”

With recyclable packaging nearly standard for CPG products and top companies pledging to take big steps toward 100% recyclable packaging by 2030, non-sustainable packaging may soon be a thing of the past.

“Consumers are at the heart of everything the CPG industry does,” notes Stasz. “Coupled with the industry’s desire to do the right thing, this has led to innovation in the way that CPG companies offer sustainable products. Looking ahead at 2021, we expect that CPG companies will continue to innovate, offering consumers the products they use and need every day, but in even more sustainable packaging and delivery models.”

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