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SUSTAINABLE PACKAGING TRENDS

A Survey of Packaging
and Sustainability
Stakeholders

MARCH 2019

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INTRODUCTION

The 1980s marked the beginning of a trend: disposability. The decade gave birth to the disposable camera and contact lenses and marked an era of a true consumption culture. It was in the 1980s that America's number one hobby became shopping. "We were becoming more and more comfortable with products having shorter lifespans," writes Simon Sinek, in his book *Leaders Eat Last*. More innovations and shorter lifespans meant plenty of waste.

Fast forward to today and the level of individual consumption has done nothing but grow. But there have been other changes as well. As the level of consumption and waste has grown, the damage to the environmental and social landscape has become clearer. Today, the world consistently produces more than 300 million tons of plastic each year, only 9 percent of which is recycled. Sustainability is no longer just a trend. No longer a "nice-to-have." It has become a mandate.

As a result, a whole ecosystem of participants (brands, governments, consumers, recyclers and more) have a responsibility to address today's biggest sustainability challenges. From a brand's perspective, the work is cut out. We must create packaging solutions that support a circular economy—whether that's through recyclability,

better end-of-life design or using biodegradable or compostable materials. Brands have already begun to address these and other issues and made commitments to take immediate action.

Aiming to capture hard data on plans, challenges and opinions around sustainable packaging, Jabil partnered with Dimensional Research to field an online survey to 204 packaging decision-makers involved in a variety of industries, including food and beverage, personal care and home care. All participants had a packaging or sustainability role at a consumer packaged goods company with revenues of \$50 million or more. The survey posed a range of questions about sustainability progress and goals as well as specific approaches to achieve sustainable packaging.



KEY FINDINGS



SUSTAINABILITY IS BEYOND A VISION

- Over half (**57%**) either have a fully mature sustainability program or have made good progress but still have work to do.
- Three drivers are motivating companies to deliver sustainable packaging: brand reputation, genuine concern for the environment and customer demand.
- Companies' sustainable packaging goals are to manage the public perception of the brand (**55%**), decrease their contribution to ocean plastics (**53%**), keep up with consumer trends (**48%**) and shrink their landfill contribution rate (**48%**).
- Companies are working to increase recyclability of current packaging portfolio (**61%**), reduce weight through packaging design (**55%**) and implement reusable packaging (**51%**).
- Over half (**53%**) of companies have clearly defined goals with measurable targets, but only **36%** of them are certain they can meet their goals.
- Nearly three out of 10 have clear targets with no associated success metrics, **14%** have vague intentions with no targets and **4%** have not set goals at all.
- Only **25%** of participants predict that they will meet their sustainability goals by 2020.
- A lack of viable technical solutions is one of the biggest barriers in meeting sustainability goals (**44%**).
- Two-thirds have made public statements about sustainability, with **39%** making bold statements with a positive commitment to sustainability and **25%** expressing an acknowledgement of the problem without a clear commitment to resolving it.
- **61%** of packaging teams are excited by the challenge of creating sustainability solutions, while **29%** are nervous they may not deliver on their company's promised goals.

KEY FINDINGS



SUSTAINABLE PACKAGING CHALLENGES

- **93%** face challenges in delivering sustainable packaging, the biggest obstacles being the lack of necessary infrastructure (**38%**), consumers refusing to pay for the available solutions (**38%**) and retail outlets not being set up to handle changes (**36%**).
- Planning for packaging regulations and compliance is the most difficult challenge to address.
- **52%** of companies are finding a partner with sustainable packaging expertise, **51%** are investing in in-house innovation centers and **49%** are training existing staff to address sustainable packaging needs.
- Executives are much more likely than team managers to favor more impactful organizational changes, such as the development of in-house innovation centers.
- Most companies (**81%**) won't sacrifice any level of product protection for sustainability. Any sustainable packaging option must provide equal or greater product protection as non-sustainable options.
- **47%** assert that biodegradable packaging will be the ultimate solution to sustainability, **30%** think that reusable packaging will, **14%** support mechanical recycling and **9%** favor chemical recycling.
- Only **24%** of companies consistently calculate the carbon impact of products when evaluating packaging options.
- Compostable (**45%**) is the most popular resin type being used in sustainable packaging.
- Brands believe replacing plastic with other materials will have the biggest impact on the environment and will be the best option to implement effectively.



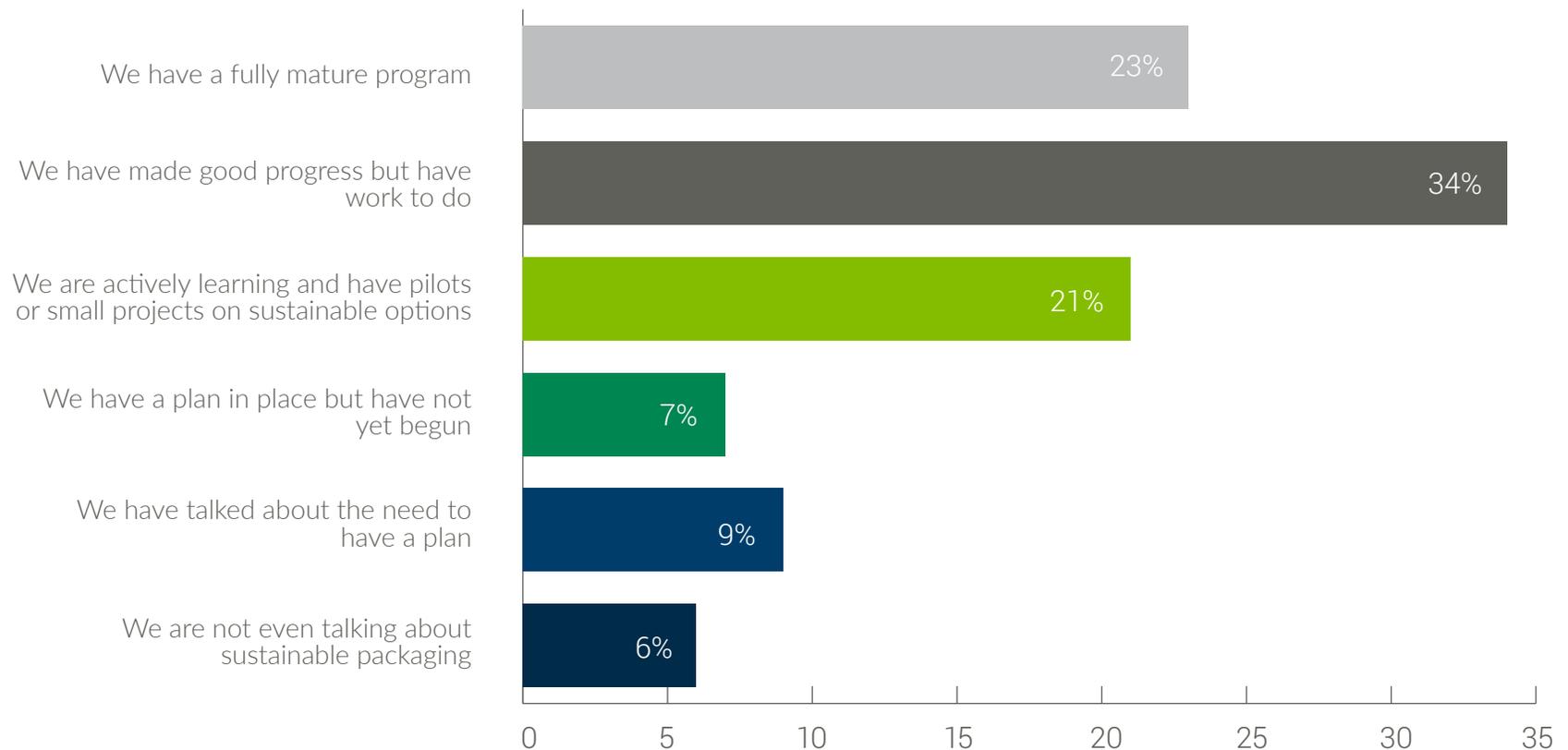
**SUSTAINABILITY IS
BEYOND A VISION**

OVER HALF HAVE ALREADY MADE PROGRESS ON SUSTAINABLE PACKAGING

➤ Although less than a quarter of companies surveyed have implemented a fully mature plan, 94 percent have at least discussed the need to execute a strategy for sustainable

packaging. Just under 80 percent have at least taken the first steps toward planning and executing a widespread strategy for sustainability.

➤ How would you characterize your company's current progress on sustainable packaging?



THERE ARE THREE MAIN DRIVERS OF SUSTAINABILITY INITIATIVES



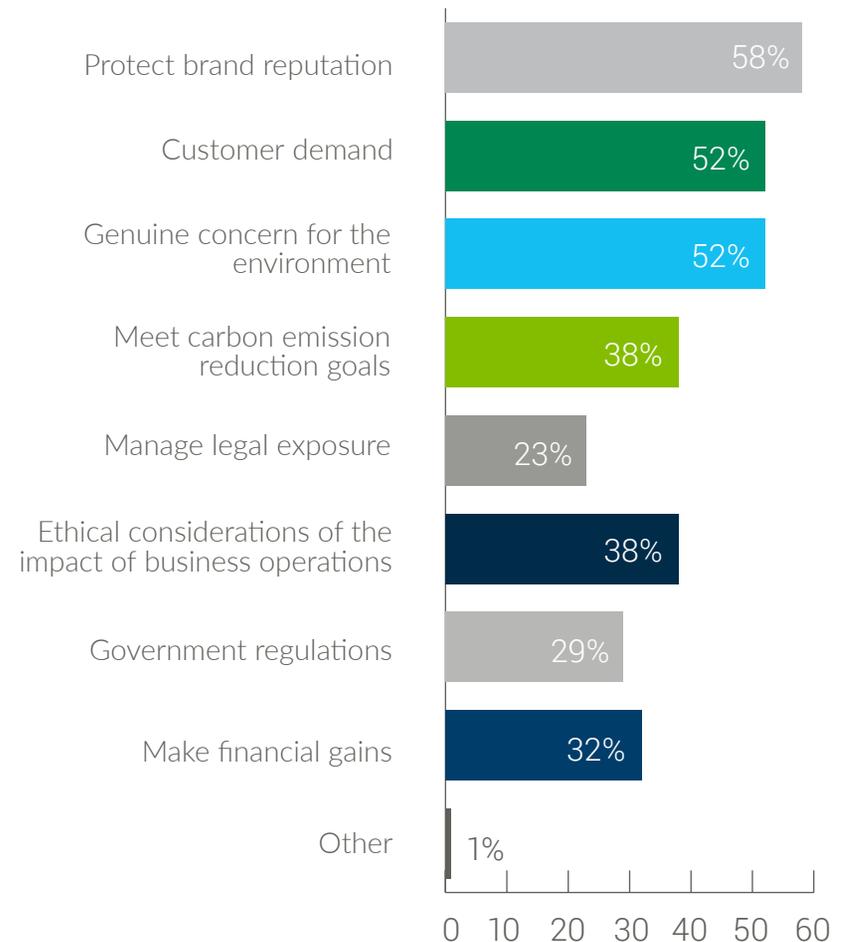
While genuine concern for the environment and consumer demand are factors in companies' drive to offer sustainable packaging solutions, the move toward environment-friendly options is also a strategic business decision. People are acutely aware of the effect plastics and other non-biodegradable materials are having on the planet; corporations, municipalities and even national governments are proposing bans on plastic straws, plastic bags, single-use coffee cups and other non-recyclable products.

San Francisco banned disposable plastic bags back in 2007 and, two years later, made recycling and composting necessary. The city provides curbside bins, and residents, business and events face fines if they throw recyclables or compostables in a regular trash. It is now the most efficient city in the United States when it comes to recycling, with an 80% success rate at keeping discards out of landfills as of 2013.

From a business perspective, consumers buy into causes more quickly than products, and brands are almost required to introduce a sustainability initiative to be perceived as humanitarian.



What is motivating your company to deliver sustainable packaging?

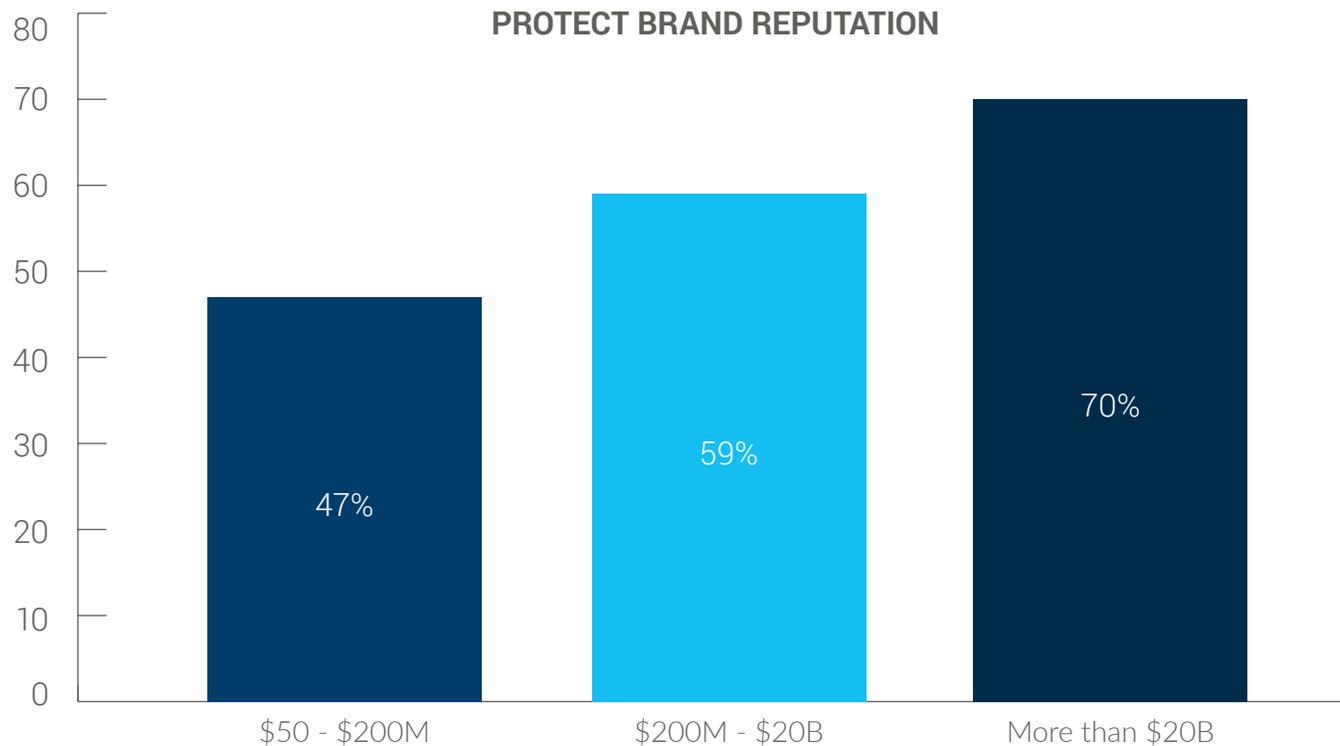


BRAND IS MOST IMPORTANT FOR LARGE COMPANIES

➤ The term “branded garbage” has been coined to describe litter festooned with a company’s trademark. Larger, more recognizable companies tend to suffer when people identify their logos and colors washing up on the beach or glittering

beside a nature trail. Their packages are more easily recognized by consumers, and they are blamed for the trash. Part of their motivation behind offering sustainable packaging options is to outweigh this negative perception.

➤ **What is motivating your company to deliver sustainable packaging? By company size**

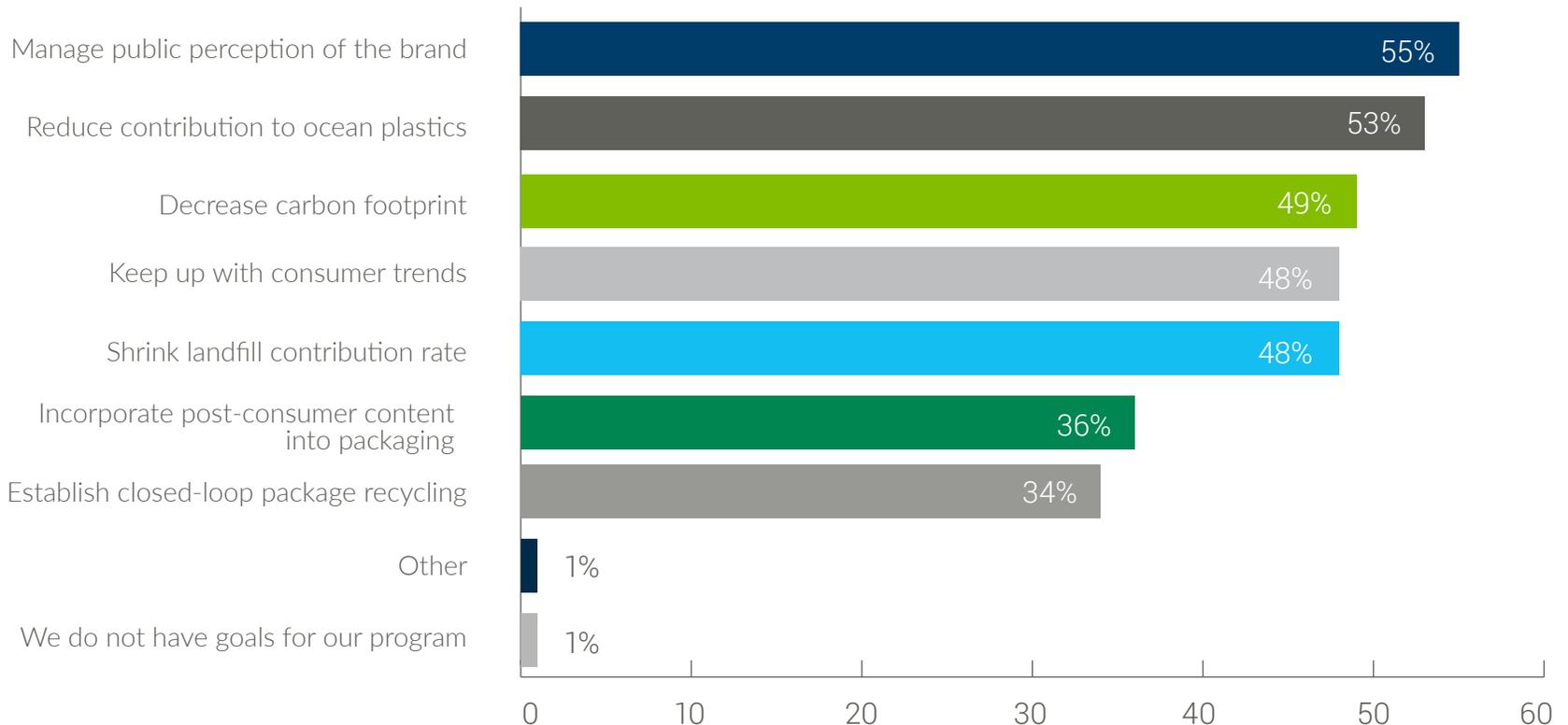


GOALS AND MOTIVATIONS ALIGN IN SUSTAINABLE PACKAGING

➤ The top goals of brands—to reduce their impact, keep up with consumer trends and manage their public perception—align with earlier survey findings on their motivations. Many brands

publish their individual goals publicly to showcase their efforts toward sustainable packaging solutions.

➤ What are the goals of your sustainable packaging program?

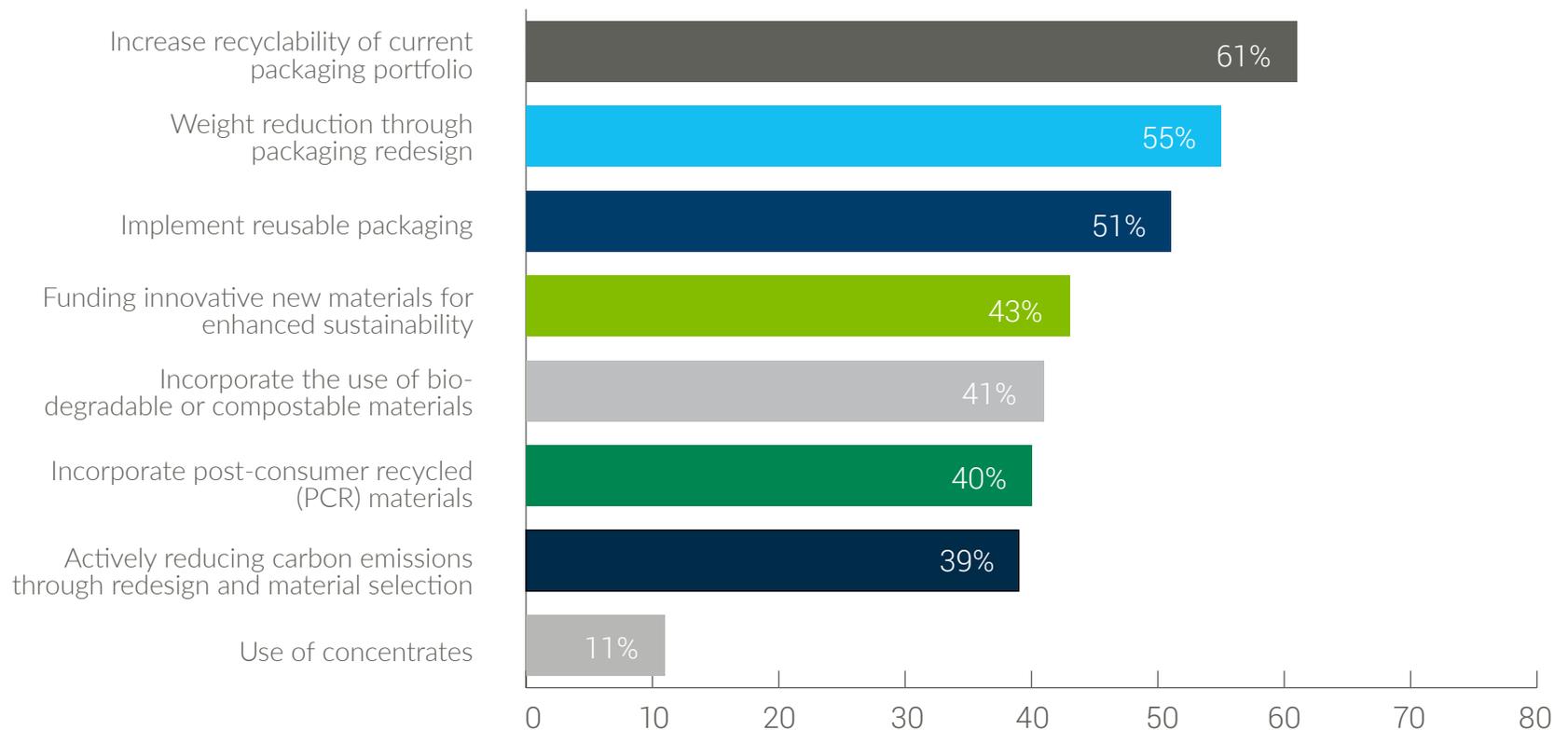


MOST PRODUCT INITIATIVES FOCUS ON CHANGING EXISTING PACKAGING

Overall, companies are more interested in adjusting and improving their current packaging options than starting from scratch to create new ones. New solutions, such as innovative materials, require increased investments in time, resources

and knowledge. By improving the sustainability profile of their current packaging, enterprises may hope to make their current offerings and process more efficient while avoiding a complete overhaul of their current systems.

What product-level initiatives is your company adopting or evaluating for your sustainable packaging program?

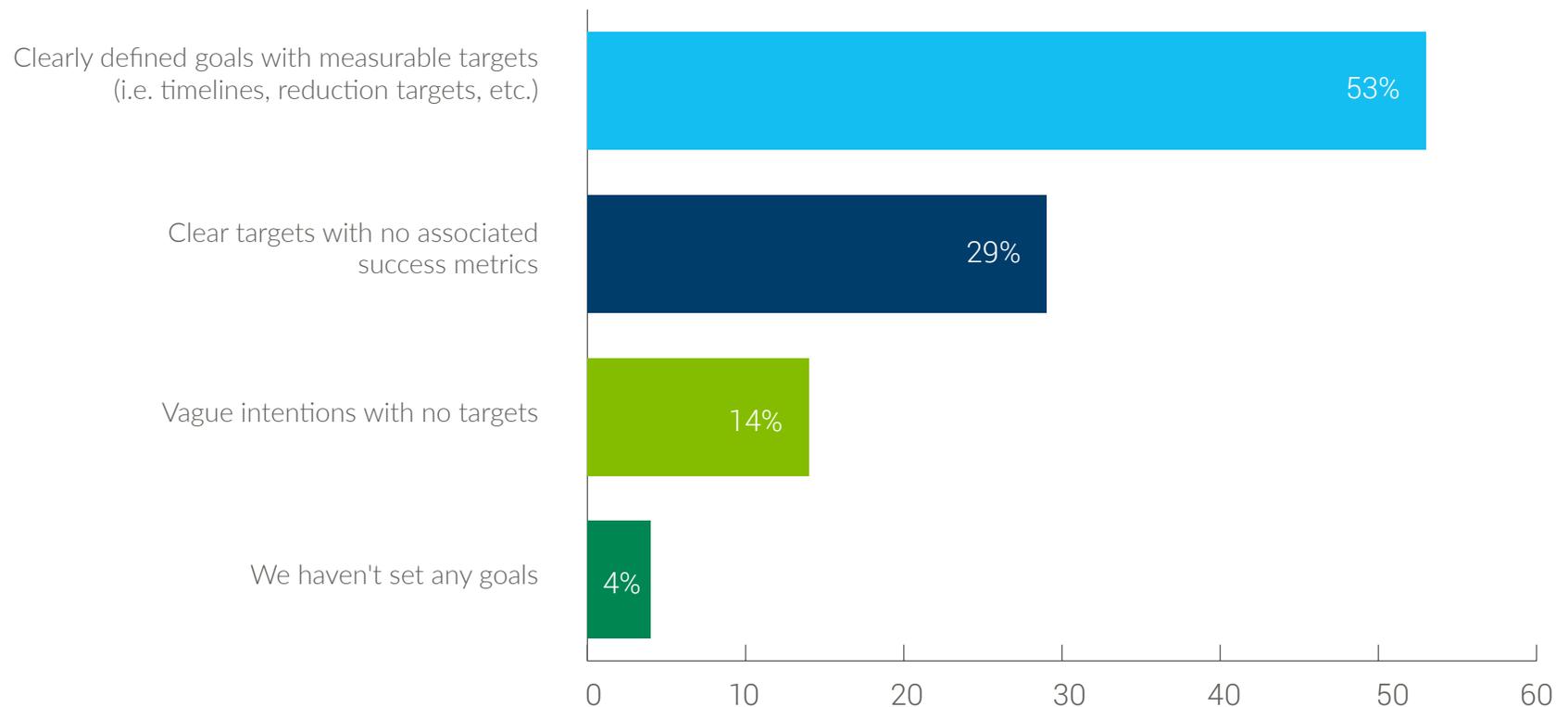


ONLY HALF HAVE SET MEASURABLE TARGETS FOR SUSTAINABLE PACKAGING

Forty-seven percent of participants either have objectives without associated success metrics or no goals at all. Without measurable targets, companies have no standard to determine

the effectiveness of their program, what specific areas they could improve and how they could do better overall.

How would you characterize the internal goals your company has established for your sustainable packaging goals?

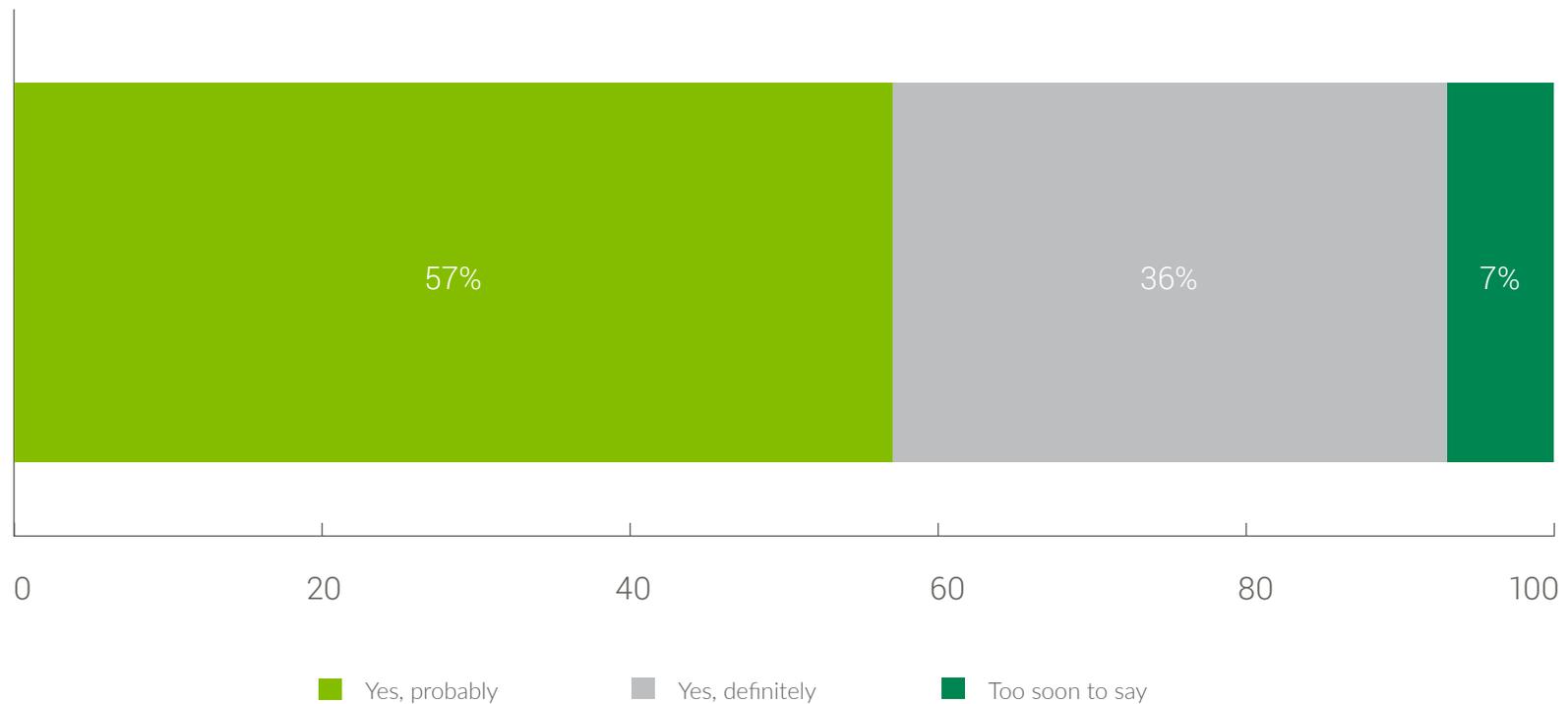


ONLY A THIRD ARE FULLY CONFIDENT THEY CAN MEET THEIR GOALS

➤ Of companies that have sustainable packaging goals, 93% think that they can achieve their goals but only 36% are certain of it. This may be contingent on the types of initiatives they are investing in—if they want to create a new biodegradable

material, for example, that may be more difficult than incorporating a percentage of PCR into their current packaging process.

➤ **In your opinion, can your company meet your sustainability goals or intentions?**

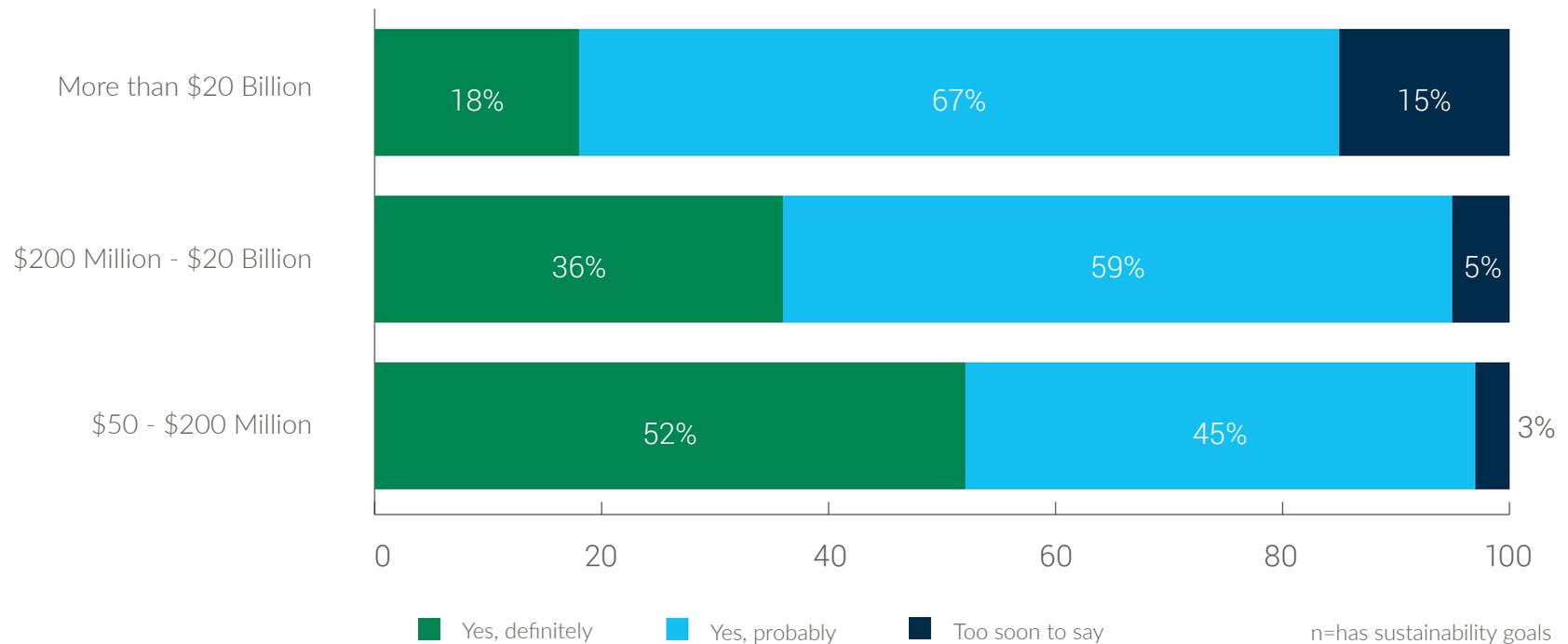


LARGEST COMPANIES ARE LEAST CONFIDENT IN THEIR ABILITIES

Despite having greater access to a variety of resources and facing more public pressure to offer sustainable packaging solutions, larger companies are actually less confident that they can definitely achieve their goals and less likely to assert that they are even within reach. It may be that larger

enterprises aim for more ambitious targets, or they might be investing in more innovative, experimental solutions that they are not sure will yield successful outcomes. Alternatively, they may worry that it will be harder to maintain their established processes with the introduction of new materials or systems.

In your opinion, can your company meet your sustainability goals or intentions? By company size

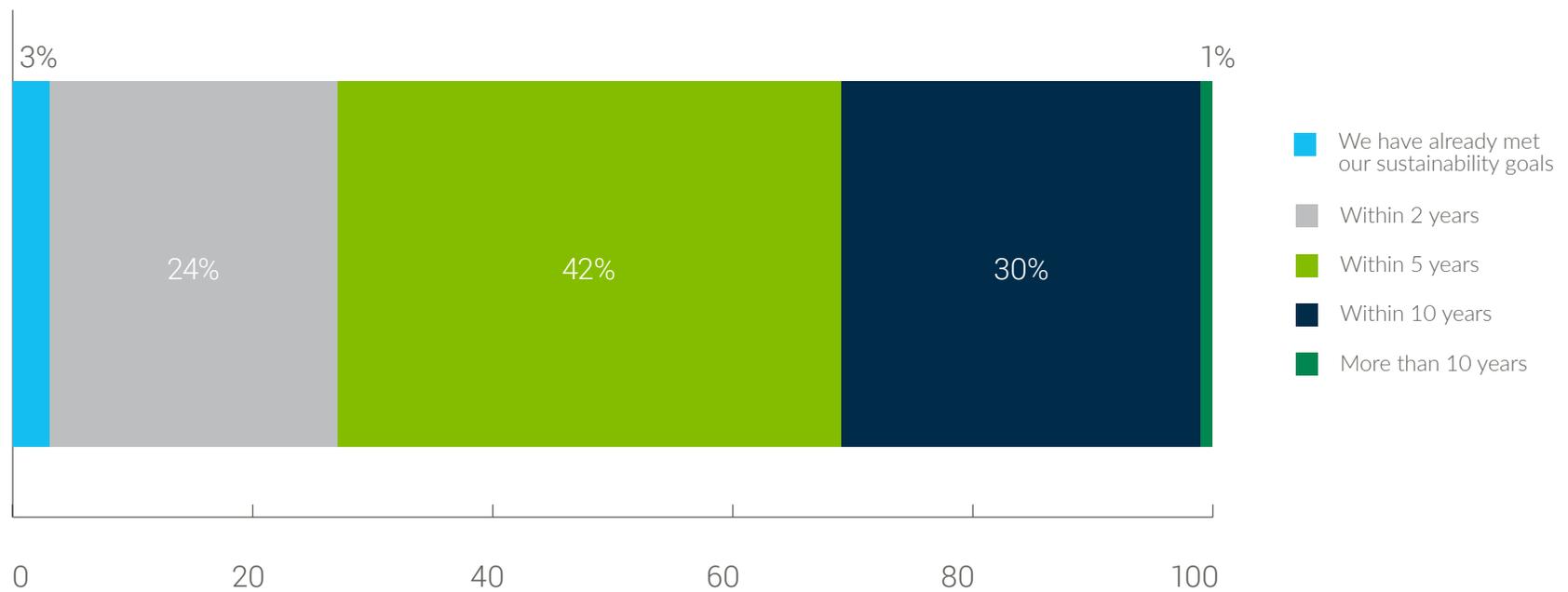


ONLY A QUARTER ON TRACK TO MEET SUSTAINABILITY GOALS BY 2020

▶ Achieving sustainable solutions will be a long-term process. Of the companies that have already established sustainability goals, only a quarter predict that their goals will be met

by 2020. Most foresee the process of implementing new materials and sustainable strategies to take at least five years, and 30% anticipate that it will take a decade.

▶ **When will your company meet your sustainability goals?**



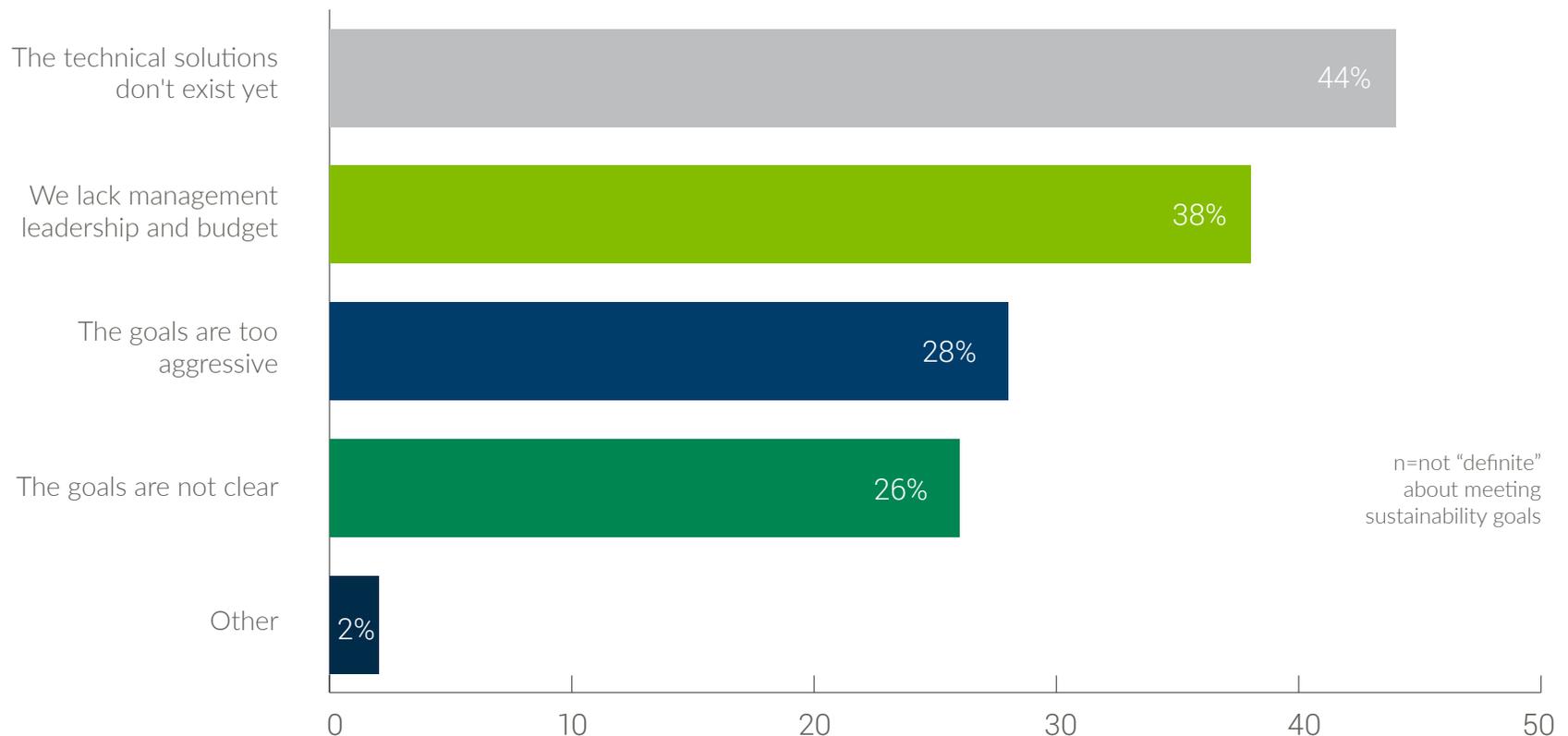
n=has sustainability goals

LACK OF TECHNICAL SOLUTIONS ARE THE BIGGEST RISK

➤ Of companies that are not fully confident that they can achieve their sustainability goals, the biggest challenge they foresee is the fact that the technical solutions don't exist yet. They are struggling to find a material to invest in that

is eco-friendly and cost-efficient, while some say they lack management leadership or budget. More than a quarter also grapple with goals they perceive as ambiguous and overly aggressive.

➤ **In your opinion, what might prevent your company from meeting sustainability goals or intentions?**

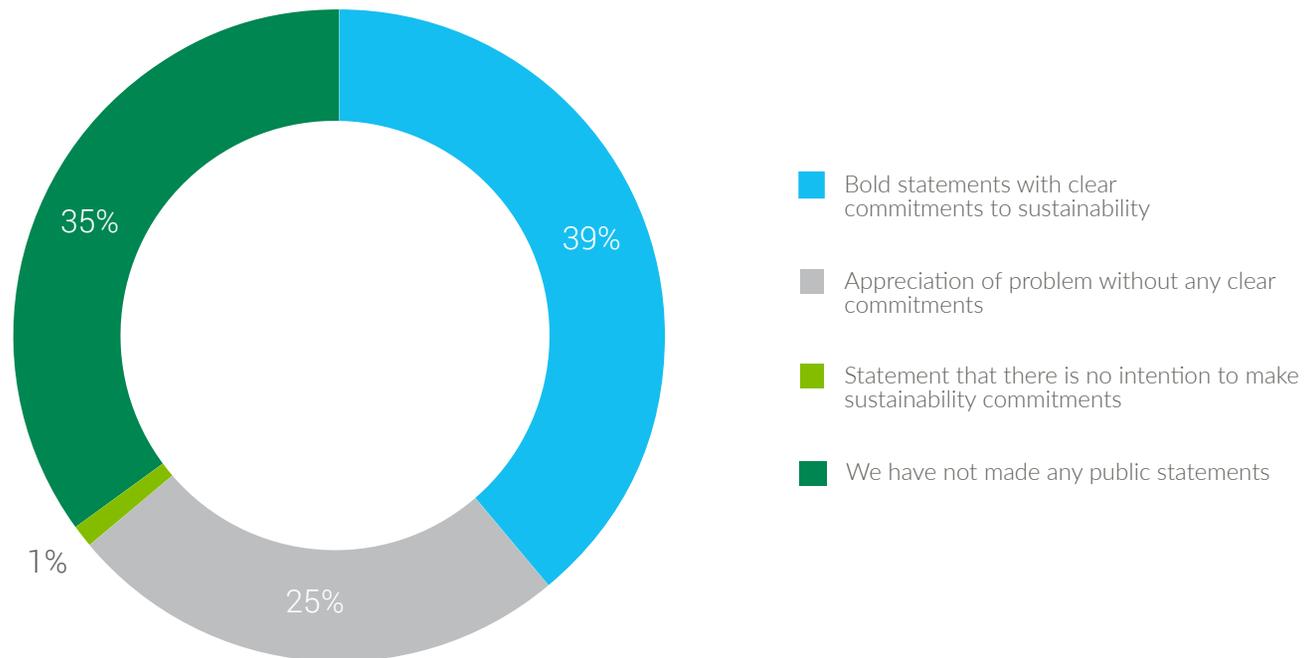


TWO THIRDS HAVE MADE PUBLIC STATEMENTS ABOUT SUSTAINABILITY

➤ Given the prominent media coverage of problems like the Great Pacific Garbage Patch and sea creatures gagging on ocean plastics, it logically follows that most companies have opted to make public statements about the magnitude

and importance of the issue. However, just under 40% of companies have made statements that express clear commitments to sustainability.

➤ **What type of public statements has your company made about intentions for sustainable packaging**

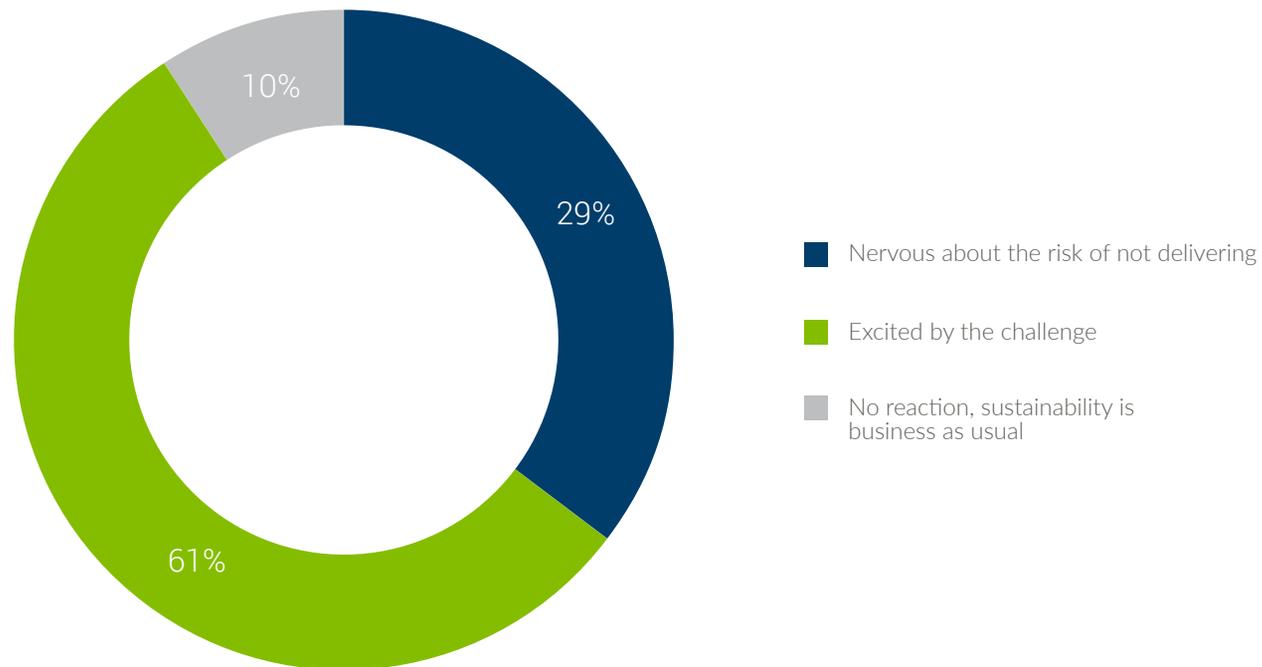


SUSTAINABILITY TEAMS ARE EXCITED ABOUT THE CHALLENGES

➤ The majority of packaging teams are excited about the challenge of creating an eco-friendly solution. This positive energy will be necessary to carry them through the challenges that drag at the drive to deliver sustainable alternatives.

However, given the magnitude of the problem, depending on how aggressively their company aims to eradicate or minimize the issue, it is understandable that almost 30% would be concerned about their ability to deliver sufficient results.

➤ **How did your packaging team react to your company's public statements about sustainable packaging?**





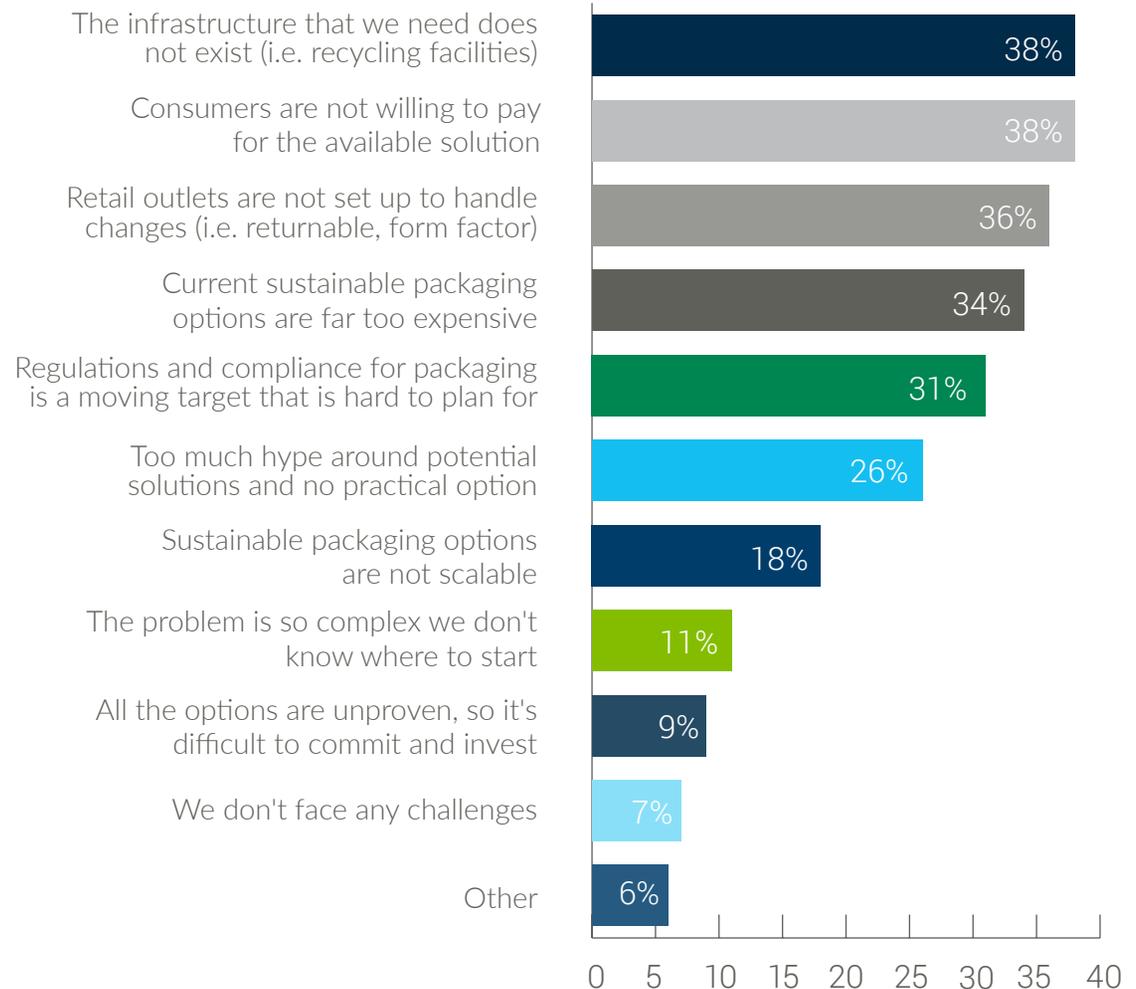
SUSTAINABLE PACKAGING CHALLENGES

93% FACE CHALLENGES DELIVERING SUSTAINABLE PACKAGING

While the intentions are there, most companies are facing challenges in delivering sustainable packaging. They are struggling with innovation due to a lack of infrastructure (38%) as well as keeping solutions cost-effective or convincing customers to accept the raised price tag (38%) given that many consider current sustainable packaging options far too expensive (34%).

Survey participants who answered “other” cited reasons such as the continuous availability of needed packaging and difficulty in delivering the required level of quality. This is an indication that consumers need to recycle more so these materials can be added back into the packaging stream.

What challenges does your company face in delivering sustainable packaging?

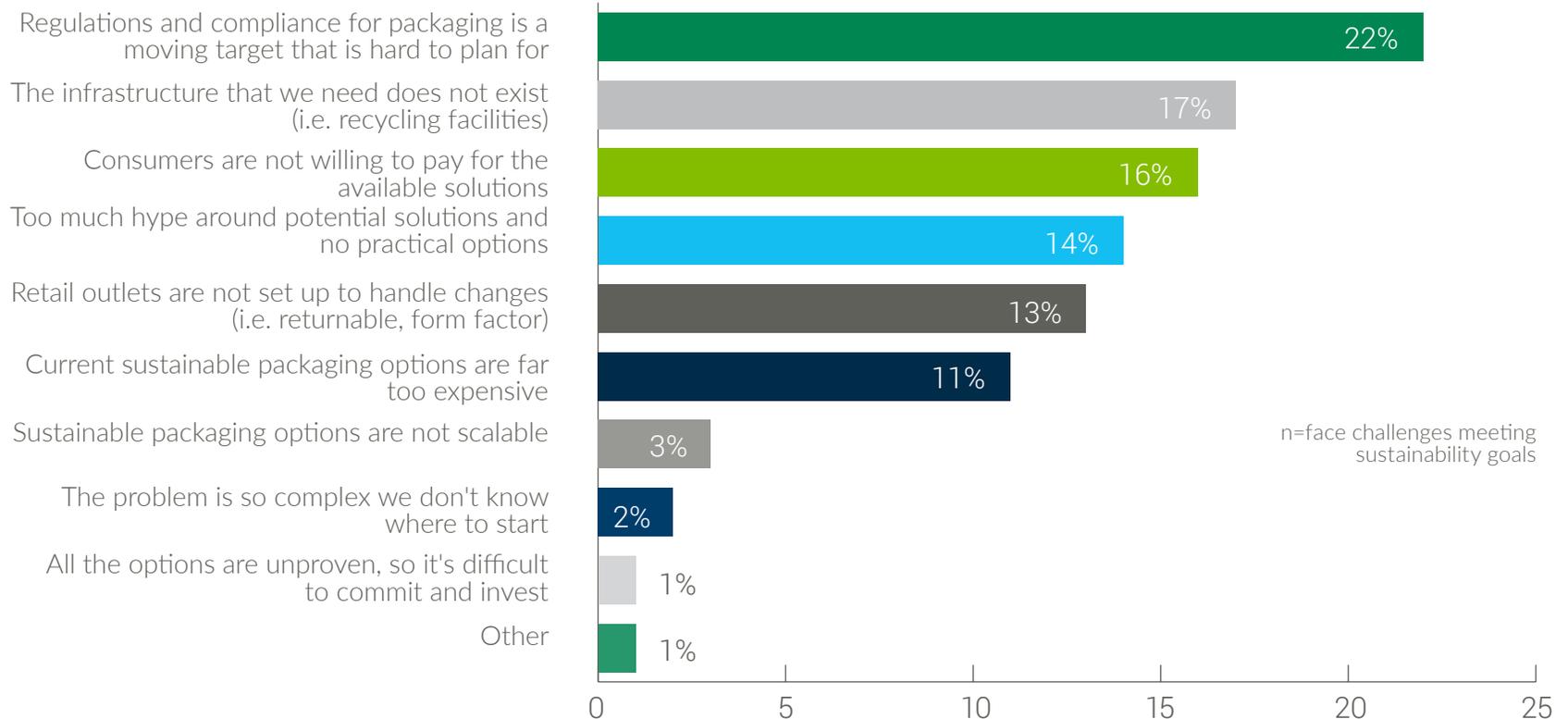


REGULATION AND COMPLIANCE IS MOST DIFFICULT TO MANAGE

➤ Although navigating regulation and compliance for packaging is not necessarily the most common challenge, for companies that do have this challenge, it is extremely difficult to overcome. Companies that manufacture health and hygiene

products or household cleansers report this as a particularly daunting obstacle. With regulations varying from city to city, this is an issue that must be addressed by governments and municipalities.

➤ **Which of the challenges that your company faces in delivering sustainable packaging is the most difficult to address?**

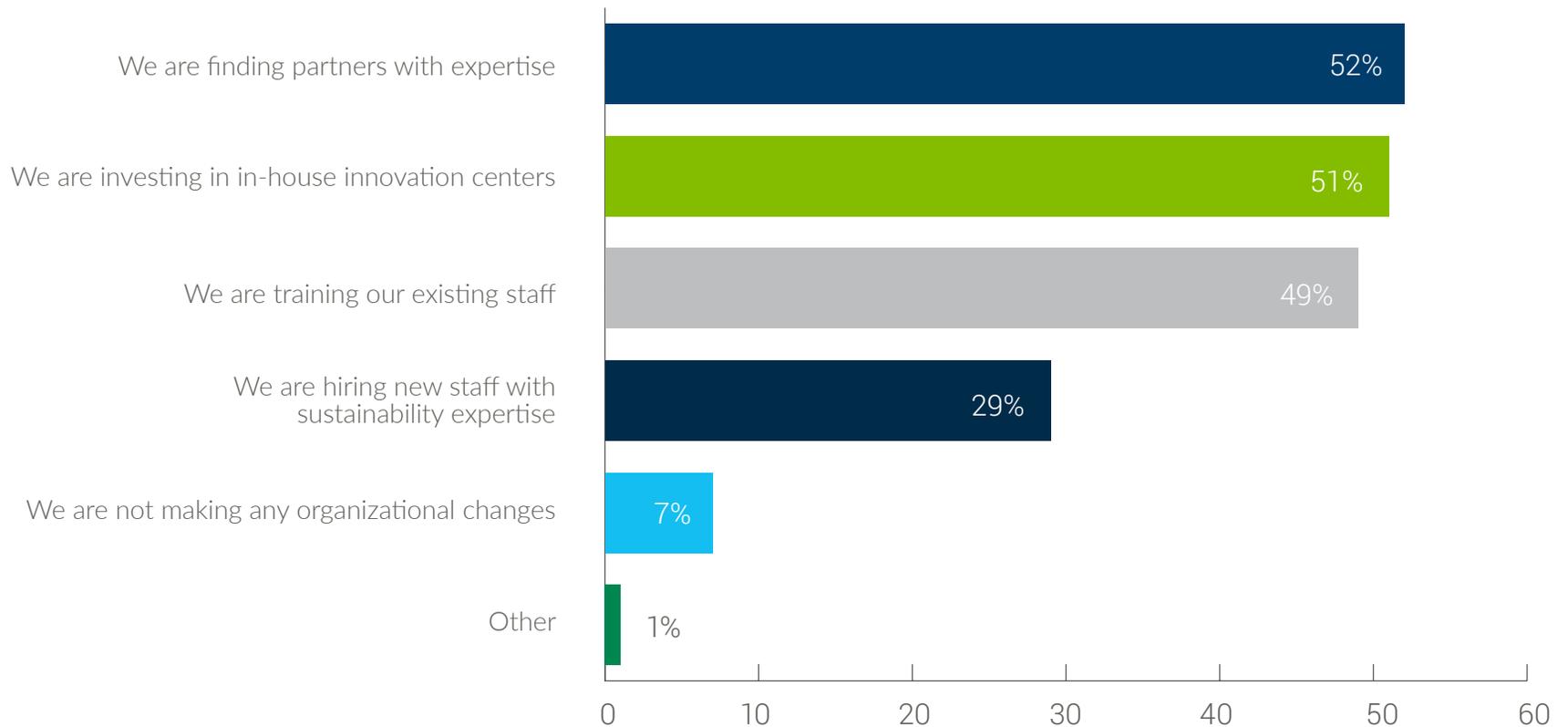


PARTNERSHIPS ARE KEY TO ADDRESSING SUSTAINABLE PACKAGING

➤ The top organizational change that companies are making to ensure a quicker and more efficient move toward sustainable packaging is finding partners with expertise, allowing them to

bring in additional insight and resources. Roughly half are also investing in in-house innovation centers and training existing staff.

➤ **What organizational changes is your company making to address sustainable packaging needs?**

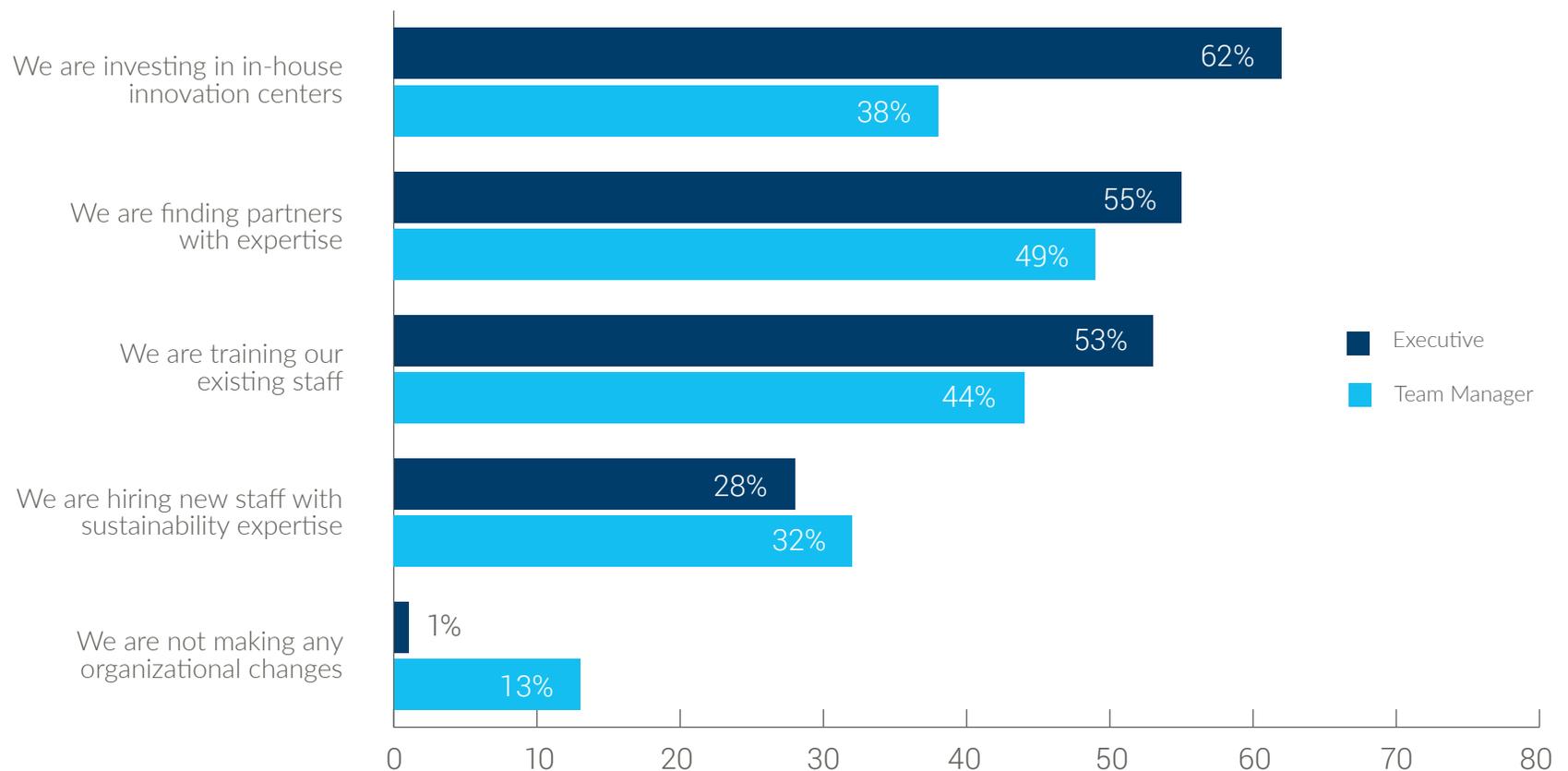


EXECUTIVES REPORT THE MORE EXTREME ORGANIZATIONAL CHANGES

Although more reluctant to hire new staff with sustainable expertise, overall, executives are more dedicated to launching acute organizational changes than team managers. Executives

are more interested in investing in wholesale innovative solutions while team managers, most likely, are more concerned with incremental improvements.

What organizational changes is your company making to address sustainable packaging needs? By job level

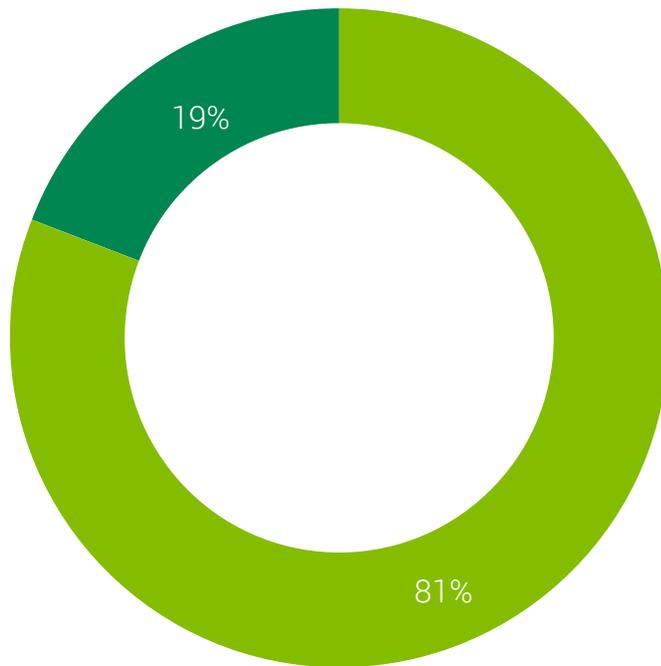


MOST WON'T SACRIFICE ANY LEVEL OF PRODUCT PROTECTION FOR SUSTAINABILITY

➤ Sustainable packaging solutions will have to be as equally or more effective at product protection as the packaging that companies currently use. Closer analysis of the data shows that 92% of companies that produce food and beverages and 91% of those that manufacture household cleaners were

adamant that packages contain an equal or greater amount of protection. These percentages are slightly higher than other industries, likely due to a fear of customer dissatisfaction, bad publicity or lawsuits from potential product contamination or damage.

➤ **Which of the following statements best represents your company's approach to sustainable packaging?**



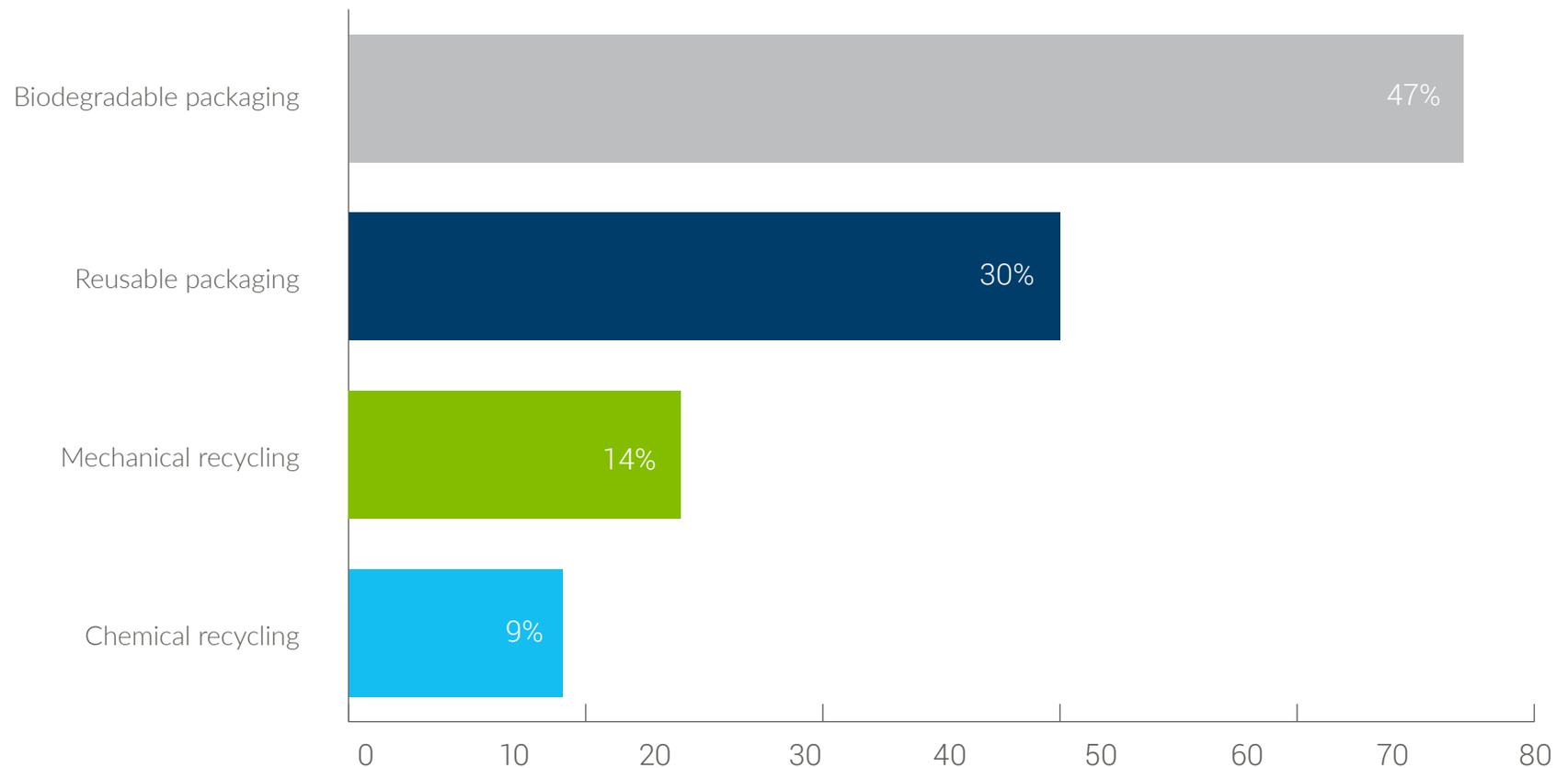
- Any sustainable packaging option must include equal or greater product protection as non-sustainable options
- We would consider a slightly lower level of product protection in order to gain sustainability advantages

PACKAGING EXPERTS BELIEVE BIODEGRADABLE WILL BE KEY TO SUSTAINABILITY

With a margin of 17%, survey participants decisively favor biodegradable packaging as the ultimate solution to sustainable packaging. Of the options given, it might become the most

cost-effective and the most convenient for consumers. They can simply dispose of their packaging and trust that the material will naturally decompose.

In your opinion, what will be the ultimate solution to sustainable packaging?

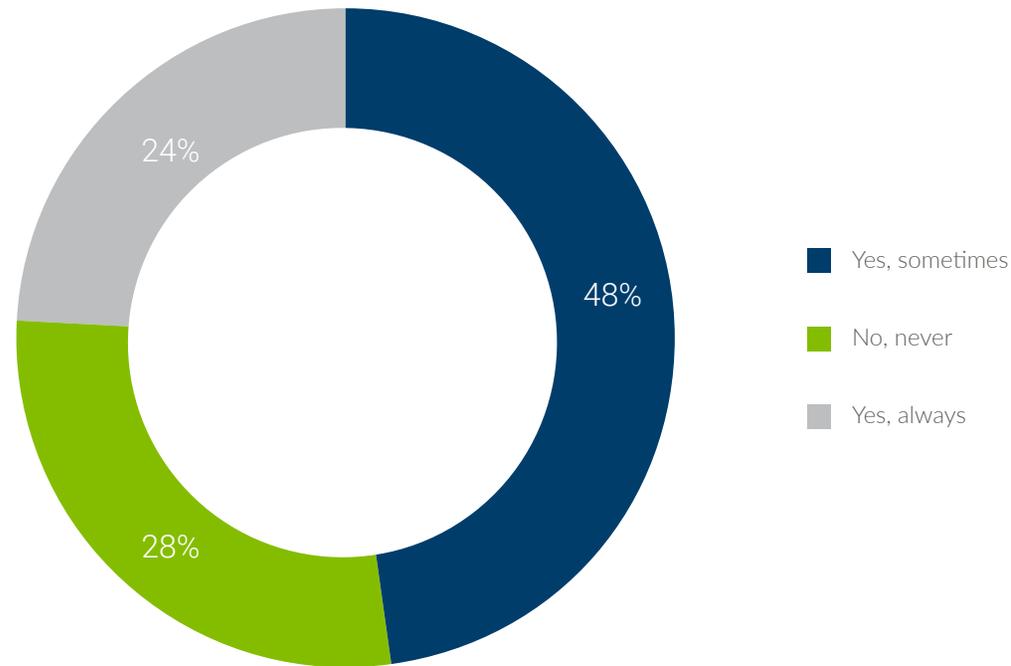


ONLY A QUARTER ALWAYS EVALUATE CARBON IMPACT WHEN EVALUATING PACKAGING

➤ Carbon dioxide and other greenhouse gases can be emitted at several points of the packaging process: manufacturing the raw materials, fabricating the packaging system, transporting the materials and finished systems, the use phase

(including refurbishment and reuse) and end-of-life disposal. Surprisingly, as of now, the carbon impact of products is not necessarily a weighty consideration for 76% of companies.

➤ **Does your company calculate the carbon impact of products when evaluating packaging options?**

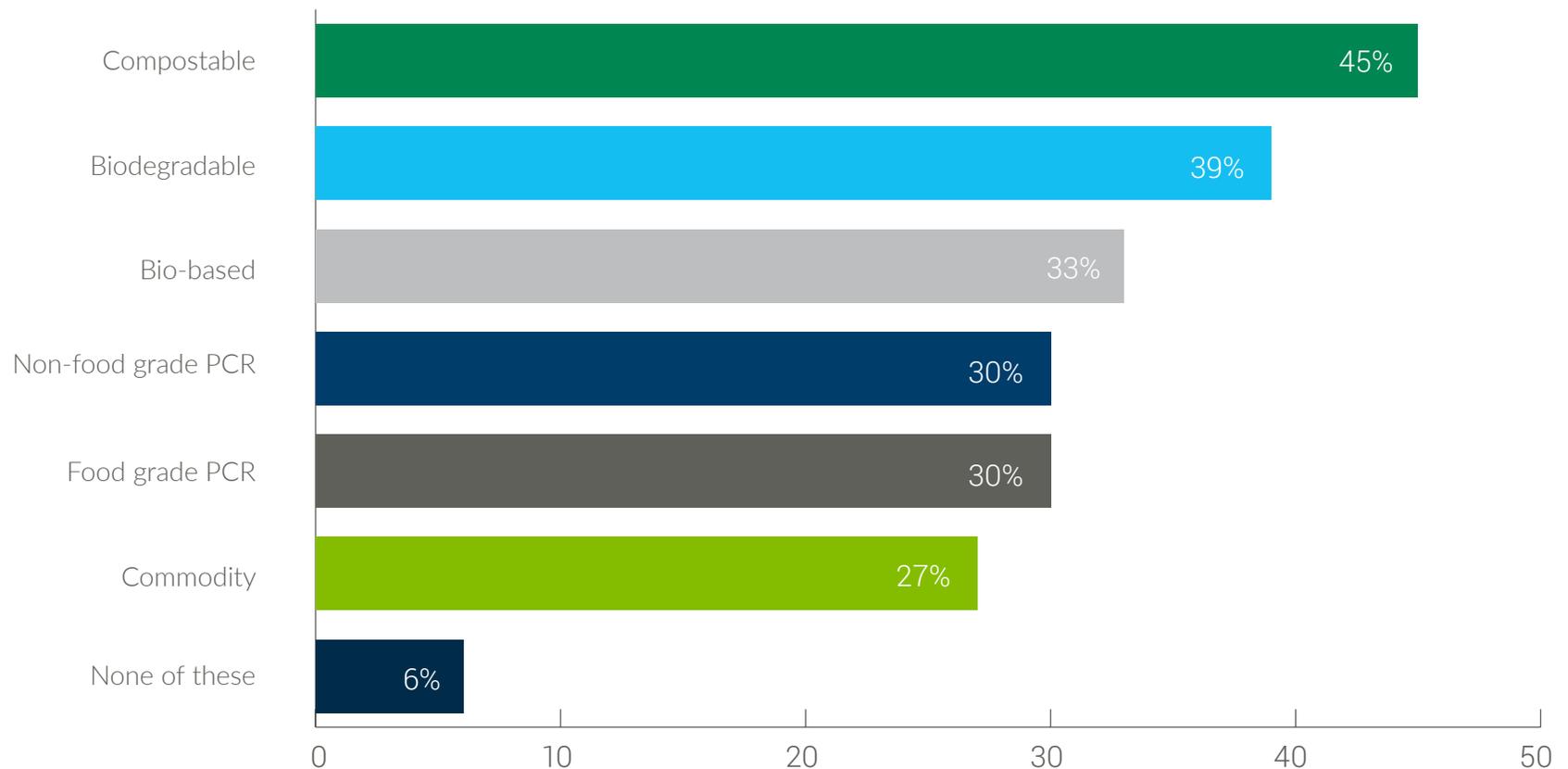


COMPOSTABLE AND BIO-DEGRADABLE OPTIONS ARE MOST COMMON RESINS

Although compostable and biodegradable materials are similar, there are a few key differences that may explain why compostable is slightly more popular. While compostable

materials must meet certain standards, completely decompose in a specific time frame and leave no harmful residues behind, biodegradable is a more vague term.

Which of the following resin types are playing a significant role in your sustainable packaging strategy?

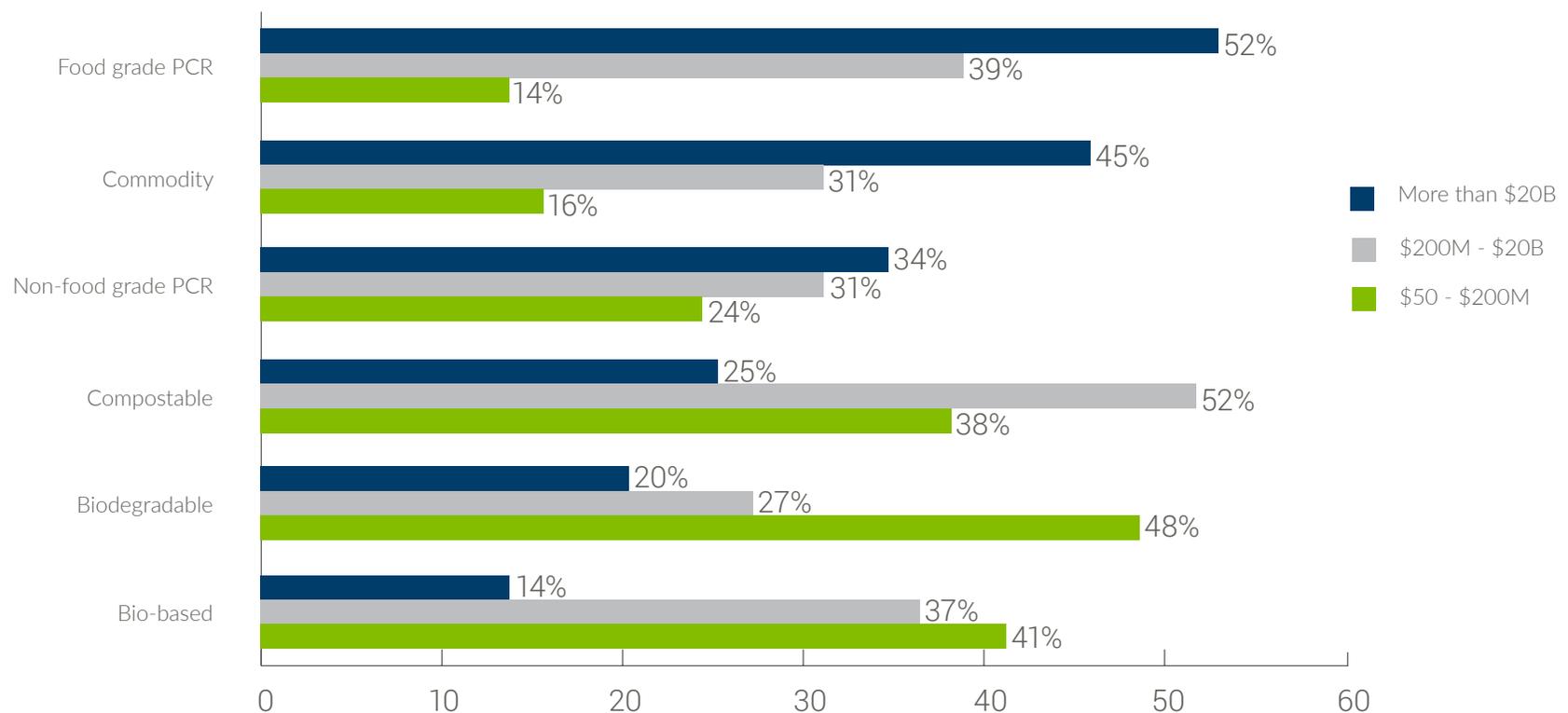


RESIN TYPES VARY DRAMATICALLY BY COMPANY SIZE

Between larger and smaller companies, the difference in preferred resin type is pronounced. While companies with more than \$20 billion in revenue voted food grade PCR their top choice, it was the least favorite among companies with \$50-200 million in revenue. Following the same trend,

although biodegradable and bio-based resins were the overwhelming favorite for smaller companies, these options were the least popular ones among larger enterprises. Factors such as cost and scale could play into these preferences.

Which of the following resin types are playing a significant role in your sustainable packaging strategy?

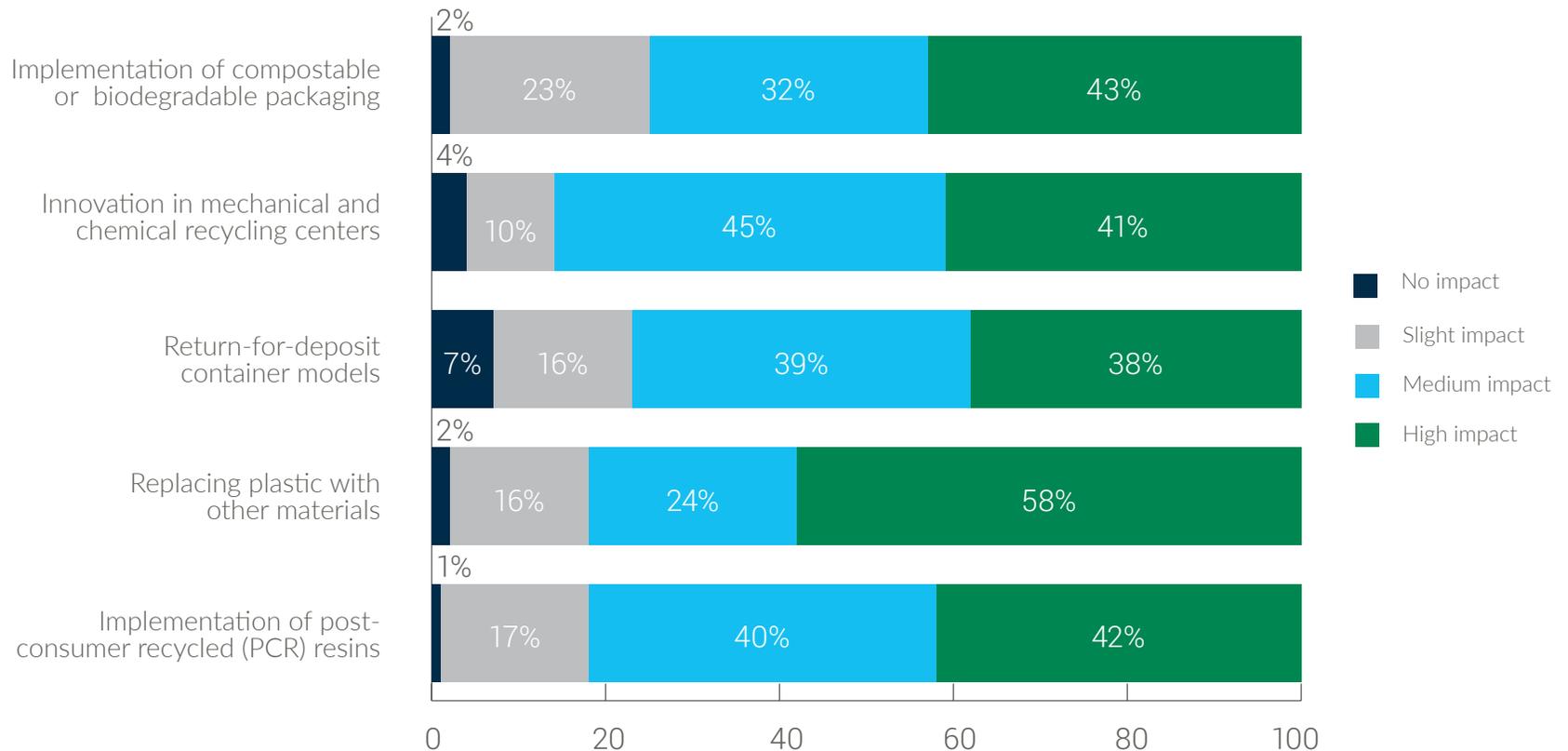


WHAT WILL HAVE THE BIGGEST IMPACT ON THE ENVIRONMENT?

Participants believe that replacing plastics in their current form will have the biggest impact on the environment. Overall, companies believe that materials innovations (replacing plastic,

compostable or biodegradable packaging or post-consumer recycled resins) will make the biggest impact in addressing sustainable packaging.

Rate each of the following approaches to sustainable packaging based on its potential to have a positive impact on the environment.

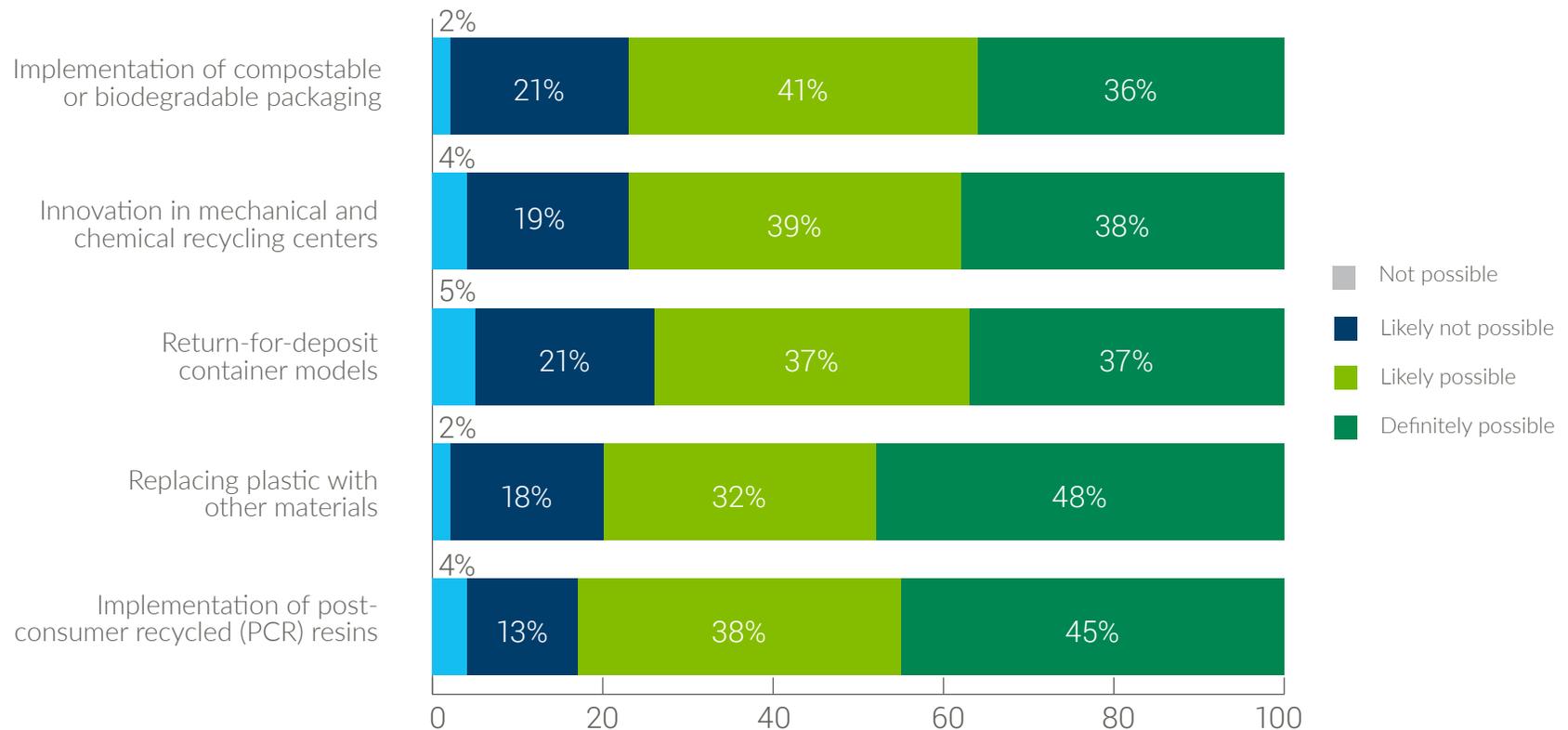


REPLACING PLASTICS CAN BE IMPLEMENTED EFFECTIVELY

Aligning with the impact on the environment, brands believe that replacing plastic with other materials will be the solution they can implement most effectively. However, brands also

say that the implementation of compostable or biodegradable packaging will be the most difficult to implement due to the infrastructure changes necessary.

Rate each of the following approaches to sustainable packaging based on its potential for your company to implement effectively.



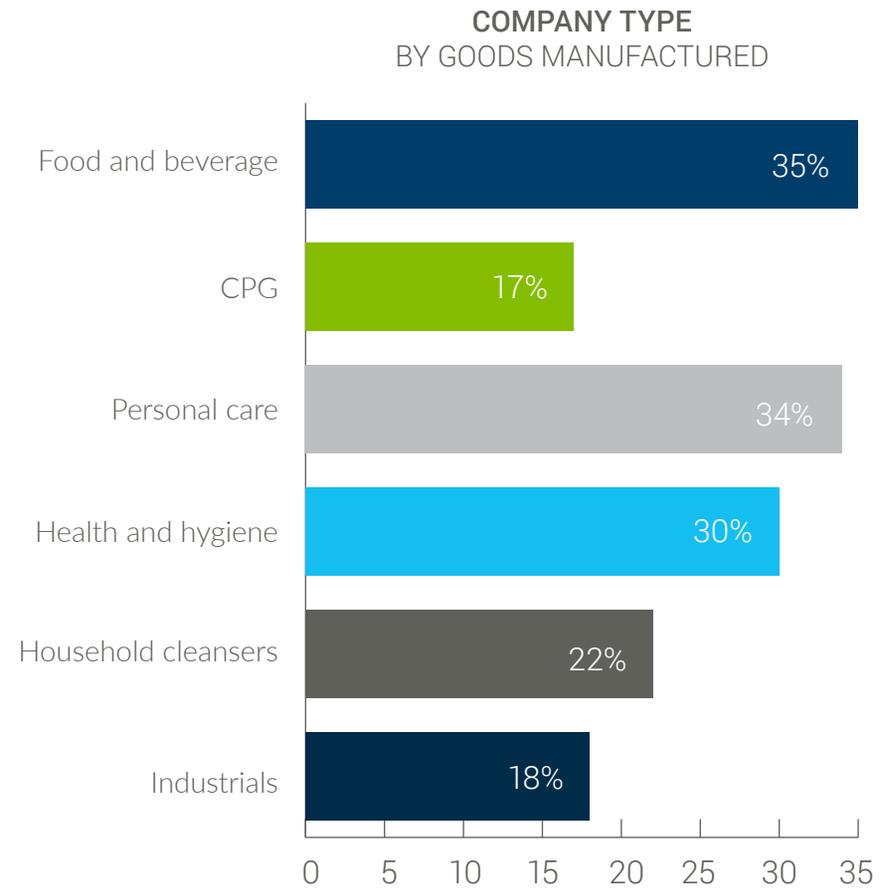
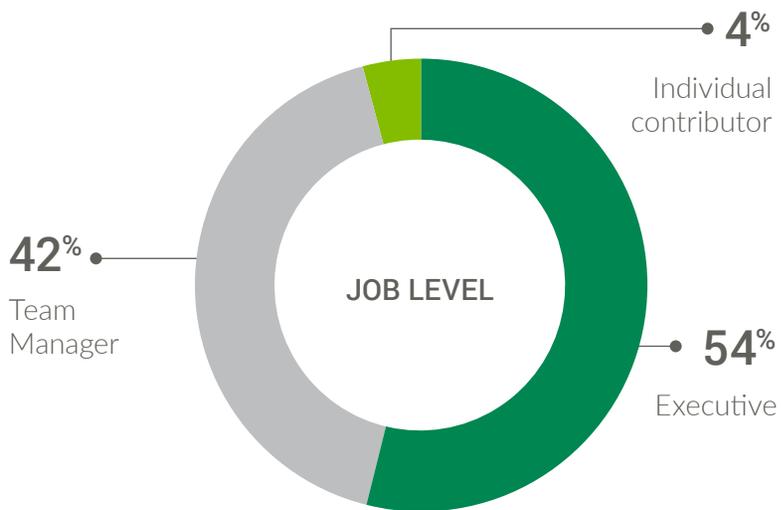
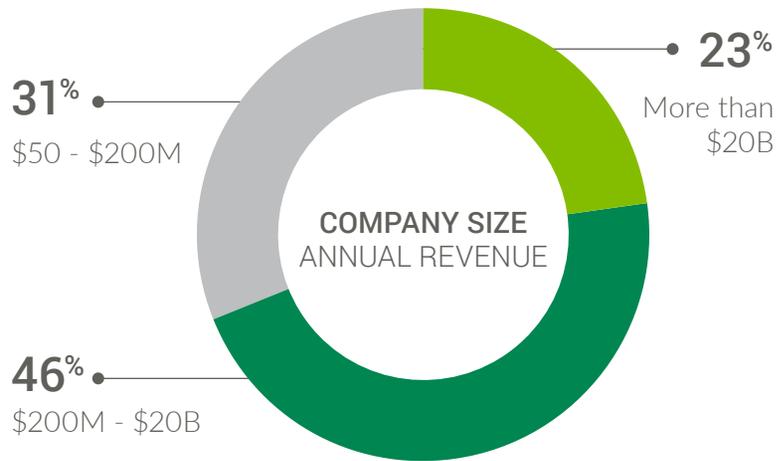
SURVEY METHOD AND PARTICIPANTS



An online survey was fielded to independent sources of decision makers responsible for packaging at manufacturing companies. A range of questions were asking about progress and goals, as well as specific approaches to achieve sustainable packaging. A total of 204 qualified individuals completed the survey. All participants were packaging decision makers in a packaging or sustainability role at a manufacturing company with revenues of \$50 million or more.



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