

RETHINKING RESPONSIBLE PACKAGING



“Packaging innovation is being challenged by rapidly escalating consumer expectations. As a result, a wide range of initiatives are being trialled and adopted locally and globally to dial-up sustainability narratives. Such initiatives are being leveraged to become key brand differentiators that drive loyalty. There has been a change in the conversation around sustainable packaging as new innovations move away from focusing on waste management and towards waste minimisation or avoidance.



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The FMCG industry, manufacturers and retailers alike, acknowledge that they can have a profoundly positive impact on waste mitigation, so it's not surprising sustainability credentials are a key battleground to win over customers.

Why does this matter?

The Better Futures 2019 report found that plastic build up is the most pressing concern among New Zealanders – with 72 percent of Kiwi's rating this as their highest concern. This has only intensified over the past year up a significant 9 percent on 2018.¹ The minimum expectation when it comes to sustainable packaging is that it is recyclable, with 75 percent of us agreeing all products should use recyclable packaging.² However, the majority of Kiwis (85 percent) believe reducing disposable packaging in the first instance is the right thing to do and 77 percent believe we can individually make a difference by reducing the use of disposable packaging.¹

Shoppers demand change and Government takes an active interest

Consumers have high expectations on brands, manufacturers and retailers and are holding them to account.

As an example, plastic protests and returning single-use packaging to retail stores have become more commonplace.

The Government has taken legislative action against plastic, with microbeads and single-use plastic bags already being banned. The Ministry of Environment, in collaboration with manufacturers and retailers, have produced the New Zealand plastic packaging declaration. The key objective of this pact is to commit to 100 percent reusable, recyclable or compostable packaging by 2025. The European Union has gone even further, implementing measures to further phase out single-use plastics such as cutlery, plates, straws and cotton buds.

Companies looking for growth need to be quick to respond to concerns raised and ensure ongoing communication of their initiatives.

The proliferation of purpose-led retail

Retailers are strengthening their commitment to being environmentally responsible, with a tranche of trials occurring globally across the major players. Packaging

reinvention takes centre stage at Rimping Supermarket in Thailand, which wraps its produce with banana leaves secured by flexible bamboo string instead of using plastic. The Waitrose unpacked trial store in the United Kingdom most notably showcases an extensive range of refill options, from bulk bins, through to household cleaners as well as beer and wine on tap. UK Retailer Coop is trialling in-store water refill stations to discourage shoppers purchasing bottled water, a significant challenge to beverage manufacturers.

Homegrown sustainability initiatives are also blossoming:

RefillNZ started in October 2018 and has already had over 380 retailers sign up to offer free water refills, with the main aim to make carrying a reusable water bottle the new norm for consumers.

Bring-your-own container is already the heartland for specialty retailers such as GoodFor Refillery, which has expanded to three stores in Auckland and intends to further expand its footprint through 2019.

Ecostore is considered by New Zealanders as the number one FMCG brand in sustainability and now has refill stations in over 60 retail stores, supplying household and personal care liquid products. In May, they made their debut into a major retail banner, New World in Christchurch.

Major New Zealand grocery retailers are beginning to appeal to their shoppers changing expectations. Foodstuffs North Island announced bring-your-own containers to counter areas instore, and Countdown swiftly followed suit with a trial across 18 stores.

Countdown has been steadily removing plastic packaging from produce such as bananas and onions which is making a big impact (saving over 117 tonnes). New World has introduced 'nude produce' across a number of stores, with benefits that expand beyond sustainability such as enhancing the in-store experience.

Manufacturers are pioneering sustainability innovation

To meet increased expectations from consumers, retailers and the Government, suppliers need to respond at pace. There are many examples of innovative sustainable credentials, as global brands experiment with packaging changes to

minimise their environmental impact.

Phasing out plastic rings for beer has become commonplace already. Carlsberg introduced its Snap Pack technology which utilises rubber-like glue dots to attach cans together whilst Corona Fit Pack cans screw together.

Skipping Rock Lab has created edible seaweed pods that can hold water and other beverages, but could also replace sauce pouches in fast food. They rapidly biodegrade and seaweed is highly sustainable.

New Zealand company Ethique replicate liquid beauty products into solid highly concentrated bars that last 2-5 times longer than standard products, in plastic free packaging that breaks down quickly, leaving no trace. Ethique are experiencing strong interest and high demand from retailers around the world including Amazon. Over the next month, their product will be available in over 1,000 stores across the United Kingdom.

Large scale circular reusable packaging initiative 'Loop' (www.loopstore.com) take the ownership of packaging out of shoppers hands. The system uses durable packaging that can be returned and reused 100+ times meaning consumers no longer need to worry about waste, recycling and cleaning. Major global manufacturers such as Procter & Gamble, Nestlé, PepsiCo, Unilever, Coca-Cola, and Mondelez have signed on bringing with them economies of scale and a wide range of available products.

In summary

The FMCG industry is going through a major paradigm shift centred around sustainability. This is being driven by a heightened awareness of the impact our consumption habits have on our planet, with consumer attitudes now at levels that are forcing business to react faster than ever before. Government, retailers and manufacturers alike are implementing initiatives to appeal to these rapidly changing expectations. It is becoming increasingly important to have a purpose-led authentic narrative on sustainable packaging. The cost of not doing so would be detrimental to attracting and retaining consumers, as 72 percent of New Zealanders today would attest to.

Doing good, is good business.

[1] is Source: Colmar Brunton Better Futures Report 2019

[2] is Source: IRI NZ SOTI Grocery 2018 Survey ■

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