Sustainable packaging: threat or opportunity?

PricewaterhouseCoopers

Executive summary

Under constant pressure from government, the media, customers and consumers, the packaging industry is increasingly being forced to consider how its products can be made more sustainable. Faced with pressing issues of over capacity, low prices and high raw material costs, should 'sustainable packaging' be a top concern for packaging senior executives? Will the issue have any real, lasting impact on how the industry does business, and how will packaging shape up?

Based on 20 in-depth interviews by PwC with senior executives from leading packaging companies in Europe, we outline in this report the key challenges companies must tackle and the opportunities open to those able to take advantage of this rapidly evolving issue.

Whilst there is agreement about the growing importance of sustainability as an issue there remains a great deal of frustration in the industry at the "disproportionate" focus placed on packaging and confusion about what "sustainable packaging" actually means.

However, we believe that the industry has historically been in a reactive mode and hasn't done enough to highlight the benefits of packaging and the complexity inherent in defining what sustainable packaging should be. This has allowed the agenda to be set by a variety of retailers, consumer groups and regulatory bodies who often have conflicting aims. The lack of pro-active engagement and thinking has seen the industry, in short, become a victim rather than a beneficiary of the environmental movement.

Sustainable packaging is becoming a fact of life and will in time be seen as just another requirement for doing business alongside pricing, product performance and service. The industry is beginning to recognise this but still needs to do more to help shape the debate and the future state of the industry. At a company level the packaging businesses that continue to be passive in addressing the trend towards sustainable packaging are likely to see market share ebb away to competitors that can develop compelling sustainable packaging propositions that still meet the customers' fundamental functional and economic requirements.

Key findings and recommendations

For the industry

1 The pressure for more sustainable packaging will increase.

2 In order to influence the developing agenda, the packaging industry needs to become more proactive and develop a consensus on what actually constitutes 'sustainable packaging' and how the sustainability of packaging should be measured.

3 The packaging industry has made a poor job of championing the value and importance of packaging. It will need to do more to redress the balance if it doesn't want the popular misconception that packaging is wasteful and environmentally harmful to grow.

4 The industry also needs to articulate more clearly to regulators, non-governmental organisations (NGOs) and consumers its often relatively modest contribution to the overall environmental footprint of a delivered product, and the success that the industry has already had in reducing the environmental impact of packaging.

For management

1 Immediately review your customer base to understand which of them have made public announcements on their commitment to sustainability and begin talking to them about what their pronouncements mean in practise for their packaging needs.

2 Work with the most significant customers to build a common understanding of the trade-offs between the traditional functions of their packaging and their sustainability needs. From this common understanding work with the customer to better align your product offering to them.

3 From your common understanding agree with your customers what criteria (e.g. carbon footprint, energy usage, waste etc) you could monitor and report to them to demonstrate your ongoing improvements on the sustainability of their packaging.

4 Investigate what other market segments you could serve where your packaging technology could legitimately be argued to be more sustainable than the competition. Target the "sustainability aware" customers in these new markets.

5 Include sustainability as a key consideration in your new product development process.

6 Provide your sales and marketing team with both qualitative and quantitative arguments that allow them to place the superior sustainability of your product as a differentiator in their value proposition.

7 Work in collaboration, up and down the value chain, and use techniques such as Life Cycle Assessment (LCA) or environmental input-output analysis to identify value chain hotspots. Consider whether it is commercially advantageous to you or your customers to work with other players in the value chain to address these hotspots and improve the overall sustainability of a product. Be sure that you can quantify any improvement for your customer.

The role of packaging

Before going on to consider what constitutes sustainable packaging it is useful first to consider what role packaging plays in society. At the simplest level packaging can be said to perform four key functions.

- Preserve and protect the product: This role is of particular importance in the food industry, where developments in packaging have been an important driver in helping to reduce dramatically the proportion of fresh produce that is wasted in the supply chain. For example, food waste in the supply chain in developing countries is between 30% and 50%, compared to 2% in Europe, where sophisticated packaging solutions are more prevalent.
- Communicate brand image: The format and design of packaging is a key tool for marketers in projecting a brand image for their products. At a simple level, the relatively expensive glass and crystal packaging of many perfumes and aftershaves is much more effective at communicating luxury and high value than a plastic bottle is ever likely to be.
- Convey information: This might include information on how to use a product or legally required information such as lists of ingredients.
- Offer convenience: This encompasses a whole range of aspects including convenience to the customer in how they use the product (e.g. single-serve packaging or microwaveable packaging), convenience to retailers in how they stock and display the packaging (e.g. shelf-ready packaging that helps maximise the number of units displayed per metre of shelf space whilst also reducing restocking time), convenience across the supply chain (e.g. how well the packaging stacks and how easy it is to store and transport the product given its packaging profile) and convenience of effective disposal at the end of product life in any particular end market.

So how does a requirement to be sustainable square with the functional attributes of packaging?

Divided they fall?

There is no industry consensus on what constitutes 'sustainable packaging'. The debate, notably in the UK, has been dominated by a narrow focus on reducing packaging weight and arguments around whether one material is more or less sustainable than another. However, the concept of sustainable packaging is more complex; what may be the most sustainable solution for one product, or particular market, might not be the same elsewhere.

During the course of our discussions we were unable to identify a unifying definition of sustainable packaging, and most respondents agreed that a common definition of 'sustainable packaging' would be a significant step forward. Reaching a broad consensus on the definition of what may constitute sustainable packaging will provide the packaging industry with a platform from which to influence regulation as well as customer and consumer attitudes and expectations.

If the environmental impact of the packaging is greater than that of an economically viable alternative, the packager should be able to demonstrate that the chosen solution is the better choice for limiting the environmental impact of the entire product.

A consensus-based definition of the general attributes that sustainable packaging should have includes the following elements:

- That the packaging weight and volume has been considered and effectively reduced;
- That waste-to-landfill has been reduced through designed-in recyclability, reusability or degradability of the substrate;
- That the packaging has a lower environmental footprint in terms of resources used in production as well as emissions to air and water;
- That the packaging effectively reduces waste through extending shelf life and prevents damage or contamination; and
- That the packaging is able to communicate effectively and engage consumers as to brand attributes and sustainable credentials.

'The desire is there to address these issues, but there is currently no organisational framework. We need somebody to be an honest broker between retailers, packers, fillers and consumers.'

Has packaging been unjustly focused on in the sustainability debate?

There is no doubt that the industry feels it is unfairly and disproportionately the focus of debate, while there may be some truth to this, there are two indisputable facts:

- The industry has been unsuccessful in communicating the undoubted benefits of packaging; and
- There are still environmental and social issues with packaging waste that must be mediated.

A common theme across our interviewees was the belief that the packaging industry had been subject to disproportionate scrutiny compared to the relatively small proportion of the waste stream for which it accounts. Many were frustrated that little credit is given to the industry for the efforts it has already made to reduce packaging footprints and that there is little customer appreciation of the fact that the environmental impact of a product's packaging is often a fraction of the impact of the product itself.

The 2008 report 'Packaging in Perspective', developed by the government's Advisory Committee on Packaging points out that packaging waste represents less than 3% of all solid waste in the UK, that the average recycling level across the industry in the UK is c. 60% and that the growth in packaging waste has lagged GPP growth in packaging in recent years. This was a view shared by a number of respondents.

Real environmental issues

Whilst we have some sympathy with the above view, seemingly wasteful packaging remains highly visible to consumers and costly to retailers and producers. Despite the industry's efforts to improve the efficiency of packaging, whilst still a not a major contributor to the overall volume of waste materials, it is a highly visible and growing contributor to the waste stream.

> 'There is a barrier where consumers want sustainable packaging but are not prepared to pay for it.'

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Two underlying issues are important to note.

- Whilst it is the case that other sectors, such as construction, contribute proportionally more waste by weight to the solid waste stream; the debate is moving away from focusing on the proportion of waste arising by weight to a more relevant understanding of the specific environmental impact of each material in the waste stream. For example, a card and paper-based packing solution may be lighter than a plastics-based one, but the disposal of card and paper in landfills leads to the formation of methane which, in turn, contributes to global warming.
- Packaging makes up a much more significant part of household waste. For example, in the UK, packaging accounts for between 15% and 25% of solid municipal and household waste by weight.

Legislative changes

With the EU landfill directive requiring local authorities to reduce biodegradable municipal waste sent to landfill in 2013 by 50% (from a 1995 baseline), it is likely that local authorities will impose ever more stringent requirements on households to sort and re-cycle their waste in an effort to avoid the financial penalties for not meeting these targets.

Given this, how much more active are consumers likely to become in the packaging debate if they begin to believe that ‘excess packaging’ is the reason why they have to pre-sort and recycle their household waste, or in extremis, if they should find they are being charged directly for waste collection?

The challenges to the packaging industry are clear:

1. The pressure to meet regulatory and retailer demands will increase;
2. The sustainability impacts of packaging must continue to be reduced; and
3. Communication, particularly around the benefits of packaging, must improve.

‘Fast-moving consumer goods manufacturers (FMCGs) and retailers should look at the process as a whole, not just at the packaging element. The sustainability impacts are often far higher in the processing of the product, or even in its end use, than in its packaging.’

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Spotlight on bioplastics: Not a panacea for sustainable packaging

Although currently a niche product with c. 300k tonnes of production a year, the supply of bioplastics is forecast to grow to more than 1m tonnes globally by 2011.
Source: Bioplastics worldwide market 2007–2025, 2007, Helmut Kaiser Consultancy

Bioplastics are seen by some as a sustainable alternative to petrochemical-based plastics, as they are produced from renewable sources and are theoretically biodegradable. However, certain issues with bioplastics have led many in the industry to believe that they are not the panacea that they were first thought to be.

- The relative lack of supply of bioplastics means that prices remain higher than those for the mainstream petrochemical-based plastics.
- Many of the bioplastics are only biodegradable under very specific circumstances.
- The presence of a certain proportion of some bioplastics in the waste stream can contaminate the stream and make it more difficult to identify and recycle petrochemical-based plastics.

It is still early days and their usefulness and impact are not fully researched. It may be necessary to introduce a separate recycling loop for those products, as the contamination of the conventional recycling loops may render other materials unusable.

In the short term bioplastic-based packaging is likely to remain a niche market segment.

'They will be used in the future and will become a part of our reputation as innovators in packaging, but not for now – too many factors are not clear yet.'

Who is driving the agenda?

The focus on sustainable packaging is not going away and is likely to increase rather than diminish – it is being driven by the government and further regulation, and by the demands of retail customers who have competing and diverse packaging requirements. Every major UK and Continental retailer has an initiative in this area.

Without a complete understanding of their requirements, and of the ramifications of possible future regulation; how will the packaging industry influence its future market?

Drivers for sustainable packaging

Government

- Proliferation of regulation and policy measures (such as taxation)
- Move from weight to carbon focus

Retailers and FMCGs

- Focused on weight reduction but no common goals or definitions across retailers
- Driving cost-reducing or cost-neutral solutions
- Sometimes willing to pay a premium if investing in 'hero' brand-enhancing projects

Packagers and packing companies

- Reacting to retailer demands
- Leaders are investing in research and development (R&D) and new products to develop solutions
- Have historically been slow to engage in the wider debate around sustainable packaging

End users

- Demanding more sustainable solutions in general
- Unwilling to pay a premium for sustainable products unless it is a key part of their brand message
- Increasingly aware of 'wasteful' packaging due to the growing requirement to sort and recycle their household waste

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Government and regulation

Respondents believed that EU directives, national government regulations and initiatives in the UK like the WRAP (Waste and Resources Action Programme)-sponsored Courtauld Commitment are driving a significant amount of the pressure for change. Some would argue, however, that WRAP, in particular, has propelled the debate in an unhelpful direction, by shifting the focus away from the real problem – carbon – and towards the more visible and immediately manageable issues of weight and volume.

The recent DEFRA (Department for Environment, Food and Rural Affairs) strategy paper, 'Making the Most of Packaging' (June 2009) goes some way to redress this balance, and suggests practical ways forward on key areas such as optimising packaging and maximising recycling. That said, much will depend on how well this strategy is actually implemented. To date, it is a widely held view that the European Packaging and Packaging Waste Directive (1994) has been effective in aligning packaging policy, promoting the volume of recycling in Europe and removing some of the more damaging constituents of packaging. It has arguably been less effective at ensuring optimisation/light weighting of packing solutions. Legislation has helped kick-start the market for recycling and use of recycled content in packaging.

But the question appears to be 'What next?'

Policy instruments will proliferate

- Within the OECD at least 30 countries have regulatory instruments aimed at reducing packaging waste. Of these countries, 13 have implemented some form of packaging tax. In the Netherlands this is based on the relative carbon intensity of the packaging substrate, e.g. aluminium is currently viewed as more carbon intensive and is taxed at 0.876€/kg, twice as much as plastic, at 0.433€/kg, and 46 times as much as wood, at 0.019€/kg.
- Landfilling waste will become increasingly expensive (the UK has announced further increases in the landfill tax, which will increase from £32 a tonne in 2008 to £72 a tonne in 2013).

Regulators become increasingly activist

- In the UK the recently published packaging strategy paper focuses on improving and optimising packaging design and maximising recycling (as well as considering a move to carbon-based metrics and a ban on the landfill of aluminium).
- When passed into law, China's packaging masterplan will require a range of legislation to be drafted which will restrict, recover, recycle and reuse all packaging materials. When passed into law all packaging will have to be recoverable, reusable, recyclable or compostable, with some processes and materials being banned and others being severely restricted. It will be the most comprehensive environmental legislation yet to impact the global packaging industry.

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Retailers

Respondents also saw a large part of the impetus coming from retailers, either because they themselves are under public and media pressure to reduce their packaging, and are passing the practical and financial consequences of doing this to their suppliers, or because they are genuinely attempting to run their business in a more sustainable way. In the UK, M&S was cited by almost everyone as a leader in the field, followed by other big players like Tesco and Asda. Based on our review of the market, in the majority of cases retailers are seeking cost-reducing or cost-neutral sustainable packaging solutions. However, in order for real progress to be made, standardisation of certain technical and purchasing parameters will be required so that suppliers and customers across the industry can be sure that they are speaking the same language. The introduction of supplier metrics and benchmarks, such as those set out below, demonstrates the current diversity of demand experienced by the packaging sector from retailers. While this diversity remains, suppliers will find it difficult to address different requirements from customers.

Some leading examples:

Wal-Mart: Packaging score-card

- Reduce amount of packaging in the supply chain by 5% by 2013

M&S: Plan A

- Reduce weight of non-glass packaging by 25% by 2012
- No packaging to be required to go to land fill by 2012

Cadbury: Purple Goes Green

- Reduce 'absolute' carbon emissions by 50% by 2020

Coca-Cola Enterprises: Commitment 2020

- Reduce overall carbon footprint of business operations by 15% (compared to 2007 baseline) and recover the equivalent of 100% of packaging by 2020

McDonald's

- Aims for 100% sustainable packaging by 2010

Tesco

- Achieves 100% waste diversion from landfill in 2009 one year early

'Companies say they won't work with environmentally damaging supply chains, but when it comes down to it, it is all about price, price, price.'

'Retailers will, however, need to focus on price, as consumers are more and more sensitive to it. None of them will go to sustainable solutions and packaging for non-economic reasons.'

'A lot of pressure from brands is aspirational rather than reality and comes down to affordability. Clearly some retailers have a different ethos and are prepared to pay more for sustainable solutions, but this is not the case elsewhere.'

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Over 70% of our respondents were of the opinion that sustainable packaging solutions conferred a competitive advantage, but that the over-riding concerns of their customers remained the price and quality of the products. Given this diversity of retailer demand, how can packagers work with retailers to identify opportunities within the supply chain?

Consumers

The other key actor is the general public – the end consumer. Negative public perceptions of packaging have driven much of the debate so far. As with the plastic bag debate, there is a risk of a sudden media-fuelled consumer backlash against 'wasteful packaging'.

Most of our respondents, however, accepted that most consumers are ill-equipped to make informed judgments about the environmental merits and drawbacks of different forms of packaging – most have 'limited real understanding', either of the detail or its comparative importance compared with other sustainability issues.

There was general agreement amongst our respondents that the industry could and should do more to promote a more balanced view by educating consumers about the relative merits, costs and consequences of more sustainable packaging.

How does the industry ensure consumer commitment to recycling?

Our respondents believe consumers are engaged by sustainability and want more sustainable packaging.

However, there is a dichotomy here. Despite the large consumer demand for more sustainable packaging, there is still some way to go before all those materials designed to be recycled actually end up being recycled. This is particularly true in the UK. Some of our respondents believed that the key issue was a lack of recycling infrastructure in the UK, whilst others believed that the infrastructure is in place but consumers don't make enough effort to use it.

'Consumers suddenly lose interest when they see higher price tags, and there is no point spending money on recyclable materials that are not actually recycled.'

Is it the role of the packaging industry to try to overcome this barrier?

What collaborations will be necessary to achieve this goal?

Packagers

And then, of course, there is the packaging industry itself. All of our respondents indicated that sustainable packaging was here to stay. However, despite the lack of consensus on what sustainable packaging is, a significant number of packaging companies are adamant that it provides commercial opportunity and that many are mobilising to take advantage. The rest of the industry may find they are left behind.

Implications and actions

Not only will the issue of sustainable packaging remain on the agenda, its importance will increase as governments, producers, retailers and consumers become ever more conscious of the environmental impact of packaging.

Despite the economic downturn the majority of our respondents believed that sustainability has remained high on the agenda of their customers and is likely to simply become a fact of life in the industry.

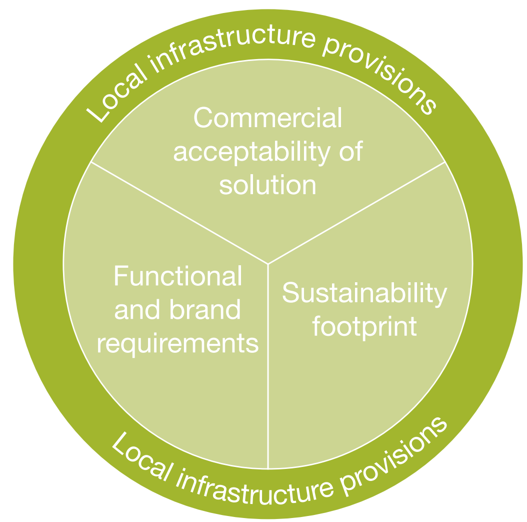
So what, then, should the industry be doing to take a more pro-active role in shaping the debate, and what can individual companies do to mitigate the risk of, or even benefit from, the requirements for more sustainable packaging?

How do you make the most sustainable decisions? Looking solely through a sustainability lens when considering a packaging solution may negate the ultimate commercial success of that product, if the solution fails to pass the test of functional, brand or economic requirements. Optimising the sustainability footprint of packaging requires a holistic response.

We believe that to develop the optimum sustainable packaging solution for any given application requires the packager, or their customer, to consider three distinct areas in conjunction.

- The sustainability footprint of the packaging;
- How the packaging performs against the functional and brand requirements of the product; and
- How commercially acceptable the packaging is to consumers and customers.

The sustainability footprint must be rooted in local context: including elements such as scarcity of input materials and processing resources (e.g. energy, water), local recycling or recovery capacity and infrastructure, and logistics.



Sustainability footprint

What is the wider environmental impact of the packaging (i.e. not just what its weight is) and what is the cost/benefit of minimising these impacts?

There are sustainability pressures and trade-offs at all points of the packaging value chain, from raw material extraction/harvest and energy and water usage in production to the existence of a robust recycling network. To fully realise the commercial opportunities presented by the trend towards a sustainable packaging industry, companies will need to be creative and think beyond their own narrow segment of the value chain.

It is our view that at an industry level, packaging companies should be co-operating and communicating closely with each other, and with suppliers and customers, to ensure that the objectives and specifications for sustainable packaging solutions are agreed against the background of a sound understanding of the technical and functional requirements of packaging, infrastructure constraints, brand issues and economic viability. In this way research and development resource can be targeted more effectively and economically.

The industry needs to become more involved in developing packaging systems that minimise impacts across the value chain. Ensuring that the choices of materials and design are compatible with the systems for recovering and recycling post-consumer waste will be essential. Life Cycle Analysis, when used effectively, is a useful tool to understand the environmental footprint of the value chain and will also help the industry to illustrate more effectively the strides that it has already made in improving the environmental footprint of packaging.

> We are scaling up our activities. We do not see sustainability as an add-on, as a bit of charity activity on the side. It is an integral strategic aspect of our business.

The importance of Life Cycle Analysis

Life Cycle Analysis has long been used to understand the overall environmental footprint of products and the trade-offs between reducing the impact of a product in one area but increasing it in another.

Problems with the technique

The complexities of the technique can make it difficult to compare the environmental impacts of different products and substrates (although they are often used to ‘prove’ that one material is better or worse than another). This can result in problematic conclusions from studies which take incomplete views of the data. The most significant issue is setting the boundary for an LCA study. This can play a crucial role in determining optimum solutions for packaging materials. Many materials are not recycled for reuse as packaging, for example both aluminium and polypropylene are downcycled into other material uses. As such, the rules on LCA studies do not count the substitution of virgin materials in the supply chains of other products inside the system boundary. In the case of aluminium, this produces a significantly poorer performance in LCA versus alternative materials which have closed-loop recycling processes, such as steel.

Applying the technique effectively

Whilst there are problems with the technique, it is still the best approach available. The key to a good LCA study is to adopt the correct boundaries for the packaging systems that are being compared, and to use the results to identify key environmental variables to determine the most appropriate packaging solution. One example where there has been significant debate is between packaging materials for drinks products. Various LCA studies have produced different conclusions favouring glass, aluminium or PET (polyethylene teraphthalate).

However it is clear that the trade-off between these options is based on two factors – the transport distance for the product and the recyclability of the material. Where there is a short distance between manufacture and point of sale, and high rates of recovery, then the environmental investment in a heavy glass bottle is worthwhile. Where the transport distance for the product is much larger, and recovery rates lower, then lighter materials have a lower impact. Optional solutions are location specific.

Commercial acceptability of solution

What quantifiable value does your sustainable packaging solution bring to your customer, and can you achieve a price from them that will reflect this value or justify your investment?

Our respondents were almost unanimous in their view that although producers, retailers and customers all claim to want a more sustainable packaging product, they are, in general, unwilling to pay the price premium often associated with such products. Those that are willing to pay a premium tend to be in the minority and are usually only willing to do so because their core product brand is already built around a sustainable or environmentally responsible message.

However, some respondents took a more sophisticated approach and believed that packaging companies should be looking not solely at the cost of their packaging innovations but should also consider what further cost savings a redesign of their packaging could generate for producers and retailers. This approach requires the packagers to work closely with their customers to better understand the customer's value chain and identify areas for cost savings. We have already given the example of how more expensive food packaging can pay for itself many times over by reducing the cost of food waste to a retailer. But there are likely to be other opportunities that packagers could exploit by working more closely with their customers.

Does your company fully understand what value your packaging innovations are providing for your customers?

Functional and brand requirements

What minimum functionality does the packaging need to have and what trade-offs can be made between different aspects of functionality?

It is clear from our interviews that too many packaging products are still regarded as over-engineered for the functionality that is required of them. We believe that packaging companies can gain commercial advantage by becoming more engaged with their FMCG customers, retailers and even end users to explore where trade-offs can be made in functionality to reduce both the environmental and the economic cost of their packaging.

'Our approach is now formalised and the dialogue is more frequent. We have also appointed a Retail Manager, which is the first, as we traditionally addressed these issues through the FMCGs and packers/fillers.'

We have one department looking at developing new products, and another trying to improve existing products. We work with a lot of clients who are trying to develop lighter, cheaper packaging that still performs.

Local infrastructure provisions

An easy win for sustainable packaging (and the profit margin of hard-pressed packaging companies) comes from substituting virgin with recycled material. But what to do when the recycling infrastructure is absent?

Cost efficiencies in the development of better recycling infrastructure are dependent on the ability to extract large volumes of homogenous materials from waste streams which have a significant value. Where this can be achieved, it is possible to extend the capability to recycle materials.

A good example is the development of natural HDPE (high-density polyethylene) closed loop recycling in the UK. The use of this material for fresh milk in this market means a significant material stream exists to be recycled. Two facilities have been built which can separate the natural HDPE from PET and other plastic to produce a material that can be reused as food-grade HDPE to make new milk bottles.

Other leading packaging manufacturers and FMCGs have invested in partnerships with recycling providers to help break the 'chicken and egg' situation of no infrastructure and no recycled material.

Examples include:

- Ardagh Glass entering into a partnership with a recycling company, creating two new plants to provide increased levels of and greater quality of materials.
- La Seda's PET recycling plant in France, which has helped to secure the supply of recycled PET for its bottles business.
- In the UK Tetrapak has invested with other industry partners to overcome the shortage of facilities to recycle its products in this market.

When there is a lack of recycled material in the market, how could your business follow the above examples to secure supplies and gain a competitive advantage?

If your business already has a secure supply of recycled material, are you merely using it to manage your cost base or are you selling the 'sustainability' benefits of your material as a differentiator in the market?

Conclusion

The packaging industry is fragmented over sustainable packaging and, to date, has made a poor case for the essential nature of its products. Unless the industry becomes more proactive in the debate about the definition and role of sustainable packaging, it runs the risk of packaging continuing to receive disproportionate attention for its environmental impact.

By considering the wider value chain for both packaging and its customers' products (and by using techniques such as life-cycle assessment) packaging companies can help ensure that discussions around sustainability with stakeholders are based on a shared understanding of clear technical and economic issues.

However, whether by regulation or by manufacturer, retailer or consumer pressure, the demand for sustainable packaging solutions is becoming a fact of life. Companies that fail to actively address the issue as part of their commercial strategy will forego opportunities and eventually lose business to their forward-thinking competitors.

The growth in demand for sustainable packaging is no more a threat to the packaging industry than volatile raw material costs, industry overcapacity and the hypersensitivity of customers to price. Packagers will need to learn how to deal with demands for sustainable packaging in the same way as they have had to deal with all the other commercial difficulties that have hit this most competitive of industries. However, the wide uncertainty about what sustainable packaging actually is, and how and when different customer groups will adopt it, presents those commercially astute companies with a golden opportunity to steal a march on their competitors and use sustainability as a differentiator and source of added value in their market place.

Questions for you to consider

Are you on the front foot when retailers and customers demand that you make your packaging more sustainable? What can you do to become more proactive and less reactive? Can you own the debate rather than be a victim of it?

Have you engaged with your key customers to fully understand their strategies on sustainability and sustainable packaging? What opportunities are there for you to work with these clients to help shape their policies and product or value chain innovation?

Do you understand the environmental impact of your packaging products and the trade-offs that clients make, across the whole value chain, when they choose your product over a substitute? How effective are you in quantifying, valuing and communicating this information to customers?

Do you understand which customers would be willing to pay a premium for a more sustainable packaging solution; for example where it is integral to the brand image of the customer or its product?

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