3 Steps to Develop a Packaging Sustainability Strategy

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Initiatives: Supply Chain Planning

Consumer, market and regulatory influences are leading sustainability to be a top social and business issue. Supply chain leaders can use this research to manage this challenge by developing their packaging sustainability strategy and gaining the support of stakeholders.

Overview

Key Challenges

- Supply chain leaders are being called on to develop roadmaps for sustainable packaging solutions but often have limited baseline information to start the process.

- Supply chain infrastructure, consumer expectations and supply constraints are among the factors that make packaging sustainability a complex topic. Supply chain leaders must follow a strategic approach if long-term and impactful change is to happen.

- Making improvements to packaging to drive sustainability commitments is challenging and requires changes to how things have been done in the past. Getting over these hurdles requires change management and stakeholder support during both strategy development and implementation.

Recommendations

To create or update a packaging sustainability strategy for a brand or business, supply chain leaders responsible for strategy development and risk avoidance should:

- Build the foundation for a strong packaging sustainability strategy by creating a business case and securing the required team and stakeholder support.

- Determine the baseline for your current state by gathering data on the packaging currently in use and reviewing the supply chain current practices to identify opportunity areas.

- Finalize the strategy by developing packaging sustainability goals, specifying projects required to deliver the goals, assigning ownership to the workstreams and determining the process for tracking and reporting performance.

Introduction
Although packaging sustainability continues to grow in importance with consumers, legislators and corporate executives, there is currently no single best practice to address the environmental challenges posed by packaging (see “Supply Chain Brief: 5 Things Supply Chain Leaders Need to Know About Sustainable Packaging”).

A survey of the 2019 Gartner Supply Chain Top 25 identified nine sustainable packaging trends and over 32 separate initiatives. Some goals were common across the Top 25, such as over 50% being committed to increasing recycled content in packaging. However, there were 24 initiatives that were common across five or fewer companies and of those, 13 initiatives were common across as few as 2 or less. ¹

Sustainable packaging is a complex topic. For instance:

- Consumers are increasingly showing a desire for products that are less impactful to the environment but they are not always following through when it comes to purchasing these goods. There is, however, enough of a growing pull for sustainability-marketed products and opportunity to engage with green-minded consumers that the topic cannot be ignored. ² ³ ⁴

- In the short term, changes to packaging can require interim trade-offs, including rising packaging costs, inefficiencies in production and transportation and upsetting consumer expectations. This can result in internal pushback against the priorities set forth to improve the sustainable positioning of the packaging.

- Technical and supply capabilities are currently lacking in many parts of the U.S. and around the world. Examples include lack of infrastructure to support recycling, outdated material recovery facilities and a lagging market value for recyclable materials.

Considering the challenges, it is imperative that a thorough analysis of threats and opportunities to your business is conducted prior to the process of selecting goals and projects. This research outlines three steps supply chain leaders should take to develop their packaging sustainability strategy that will meet business objectives, support consumer needs and focus resources in the most impactful way (see Figure 1).

**Figure 1. Three Steps to Develop a Packaging Sustainability Strategy**
Launch a Successful Packaging Sustainability Strategy by Establishing the Business Case, Core Team and Strategic Support

The first step in developing a successful packaging sustainability strategy is the project launch. This step should include three activities:

1. Defining the business case
2. Creating the project team
3. Obtaining stakeholder support

Skipping any one of these activities will lead to difficulty in making significant progress with the strategy or worse, causing roadblocks — often when commitments are due or unrecoverable resources such as time and R&D efforts have been spent.

Define the Business Case

Document the purpose for the creation of the strategy by developing an initial business case. The landscape for packaging is changing very rapidly, driven by evolving legislation, technology, competitive activity and consumer expectations. Capturing the business case upfront and revisiting it as a team on a regular basis will be critical to keep the strategy relevant and supported.
in the longer term. In building the business case, capture the main reasons for creating the packaging sustainability strategy for your organization. Drivers that should be included in the business case development include:

- End-consumer needs and expectations
- Brand equity alignment
- Retailer/customer requirements
- CSR strategy and goals
- Competitive actions
- Legislative activity and nongovernmental organization (NGO) benchmarks
- Technology innovations
- Return on investment
- Financial metrics

Create an explainer document that captures the reason for the change and the vision (goal) of the strategy by using the information collected in the building of the background business case (see “Communicate the Why, What and How of Supply Chain Change With an Explainer Document”). The team will revisit the explainer document and the vision of the strategy later in the process when goals are being developed.

**Build the Team**

To build a successful strategy be sure to start with a team approach that includes cross-functional team members in order to create a well-thought-out strategy that will lead to challenging but feasible goals. Packaging impacts many parts of the business including manufacturing, regulatory, consumer experience and retailers.

*Changes to packaging will have a domino effect throughout the business operations and some commitments will require development and technical validation.*

Build a strong packaging sustainability strategy team by including members across multiple functions, including:

- End-consumer needs and expectations
- Brand equity alignment
- Retailer/customer requirements
- CSR strategy and goals
- Competitive actions
- Legislative activity and nongovernmental organization (NGO) benchmarks
- Technology innovations
- Return on investment
- Financial metrics
Secure Stakeholder Support

Sustainable packaging initiatives will disrupt standard business practices and trade-offs will be required in the early stages of development and implementation. Not everyone in the organization who will be affected by changes to packaging will understand or be supportive of the strategies and goals that come from the team. Gather support of senior leaders prior to the tough decisions that need to be made by using change leadership strategies to build backing early in the project initiation phase.

Stakeholders will need information on why change is necessary, how it will happen and what will be gained. Drive the change communication plan by crafting an explainer document. Ultimately, the explainer document will provide an easy-to-follow, fact-based explanation of why the change is necessary, what’s expected and how it will happen.

Communications and messaging should be tailored to the specific stakeholders that will influence or be affected by the challenges and benefits driven by the work at hand. Change is imperative to improving business performance, but steering people out of their comfort zone toward a new way of working poses challenges. Determine how to successfully engage people in the changes required by completing a stakeholder analysis. Gartner’s research, "Effective Change Management Starts With a Stakeholder Analysis," provides guidance on analyzing your stakeholder’s characteristics and is supported by “Toolkit: Effective Change Management Communications Start With a Stakeholder Analysis.” The Toolkit provides a time-saving template for documenting the stakeholder analysis (see Figure 2).

Figure 2. Analyze Your Stakeholder’s Characteristics
Set the Baseline by Gathering Current Usage Data and Review the Supply Chain for Areas of Opportunity

Once the first step of launching the project is complete, the team moves to data gathering. This is often the longest and most resource intensive step in the process. The data gathered will establish the baseline for the goals to be set and will highlight any high-risk areas that need immediate attention. Setting the baseline involves: (1) gathering data on current packaging use; (2) evaluating packaging practices throughout the supply chain; and (3) understanding existing goals for other departments, retailers and suppliers.

Analyze Existing Packaging by Material and Format

Drive a greater understanding of your organization’s sustainable packaging risks and opportunities by analyzing how packaging is currently used, the types of materials and quantities. This activity can prove to be one of the most difficult tasks in the strategy development process. Individuals and teams are often limited in how much technical specification information they have direct access to. A further complication is driven by the quality of the readily accessible data. This issue is result of a searchable spec database, reliance on suppliers to maintain specifications and a lack of detailed information in specifications.

Where available, leverage internal packaging subject matter experts, who often reside on packaging engineering or operations teams. Procurement is another valuable source of required information for specifications, quantities and order history but may not have the material content level detail required. Bridge any internal gaps in required information by working with your packaging suppliers through requests for information for the technical data on materials that make up the packaging components in use.

Take a structured approach to mapping your packaging by documenting it by common factors such as material type and format. Plastic, paper, metal and glass are the four most common
material types. Formats include criteria such as rigid and flexible for plastics, cartons and corrugated for papers and usage applications for glass and metals. For each category, list the material specification descriptor. For example, with rigid plastics the materials need to be listed by the types of plastic used, and importantly, if there are any blends or multilayer structures. Materials have different recycling characteristics and some materials are not currently recyclable at all.

Document the amount of packaging used by material and format by capturing the annual quantity and net weight produced. This data will establish the number of individual units and the weight of packaging used, which is a standard measurement against which to track progress. The process will enable the team to develop an understanding of sustainability strengths and weaknesses.

**Determine Practices for Packaging Usage Throughout the Supply Chain and Identify Existing Corporate Sustainability Goals**

Identify areas where packaging is used and opportunities for improvement by auditing practices throughout the production and transportation cycle. Include packaging practices driven by the retail environment such as shelf-ready and point-of-purchase display packaging. Document the total impact of packaging within the supply chain by identifying uses of preconsumer packaging. Sources of preconsumer packaging include suppliers, the transport of raw materials, work in progress and distribution packaging. Although these uses of packaging are not in public view, they drive waste and therefore provide opportunities to set meaningful sustainability targets.

Excessive packaging is another opportunity to address in creating targets. Set the baseline for current packaging practices by measuring how packaging is used through a “product to package” ratio analysis. Product to package ratios can be measured in the following ways:

- Product size to packaging size (cubic volume of product divided by total volume of packaging)
- Package weight in relation to net weight of product
- The number of packaging components per SKU

Additional insights into identifying packaging waste within the supply chain can be found in the Gartner research “Supply Chain Leaders’ Guide to Reducing Packaging Waste.”

Complete the information gathering step by identifying the sustainability-related activities in other areas of your organization. Align the packaging goals, which will be created in the final step of the process to the company’s overall business strategies, by evaluating the goals of each department. Identify the goals and commitments across individual departments, brands and those driven by centralized corporate social responsibility (CSR) teams. Many companies have goals related to energy and water consumption, labor and human rights issues and greenhouse gas emissions. However, packaging has often trailed in having meaningful goals until just recently with the increase in awareness of global warming and the crisis of packaging waste accumulating in the oceans.
Develop Packaging Sustainability Goals Utilizing the Baseline Data

Build the foundation for your packaging sustainability goals by utilizing the baseline data that has been collected by the team. The data will serve as the rationale for the targets set and will establish priority and urgency of the goals. To prioritize packaging sustainability risks into a manageable scope of work, determine the aspects which have the most importance to the brand equity, your consumers and the trends occurring with legislation and competitors.

If your company has multiple brands, seek out the latest consumer research on the wants and needs of the target consumer by brand. As brands have different positioning, packaging sustainability practices will also resonate at different levels across consumer segments.

Now that the team has completed the data gathering, revisit the original business case and refine the mission statement. This will be the basis for not only the goals to be set but will enable the team to develop a compelling story to make it personal to stakeholders and to answer the question of “what's in it for me?” Include in the statement a call for action that helps people understand how they can contribute.

Set Goals

Create strategic goals that will be the basis of the packaging sustainability strategy by identifying the strengths and weaknesses of your current packaging practices. The critical purpose statement will outline the “why” of the strategy, the goals will outline the “what.” The data collected will reveal where focus and resources need to be committed to reduce risks and leverage strengths based on the quantity and types of packaging materials used. Examples of the types of goals companies have been setting can be referenced here: “A Guide to the Packaging Sustainability Initiatives of the 2019 Gartner Supply Chain Top 25.”

Build an effective list of goals by following the SMART principles. Create goals that are specific, measurable, actionable, relevant and time-bound (SMART). Specific packaging goals will outline the materials that are being addressed, such as plastics or papers. Goals should be measurable and quantifiable. Examples include

- Percent recycled content
- Reduction by weight
- Elimination of problematic materials

Many of the more challenging published goals to date are targeting a time horizon of 2025 to 2030. Be careful not to set unrealistic goals by understanding the limitations of technology, manufacturing infrastructure, and product protection needs. Companies that jumped on the early trend of committing to 100% of packaging to be recyclable are now faced with the challenge of implementing that strategy despite facing severe headwinds. Develop a clear understanding of the
total impact of goals and commitments proposed by doing a risk and opportunities analysis with the cross-functional team members.

**Identify What Actions Are Required to Meet and Track the New Goals**

Once the goals have been established, determine the actions that will be required to meet the goals by identifying specific projects or activities that need to be completed. Figure 3 lists nine trending approaches to improve the sustainability of packaging. Most companies with packaging strategies incorporate at least one of these approaches and many companies are taking part in several. Within the generalized approaches, organizations with strong strategies have SMART goals and within the goals are specific programs that require defined actions, resources and an increasing need to reach externally for collaboration and access to emerging technologies.

**Figure 3. Top Packaging Sustainability Trends You Can’t Ignore**

<table>
<thead>
<tr>
<th>Top Packaging Sustainability Trends You Can’t Ignore</th>
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</thead>
<tbody>
<tr>
<td>![Icon 1] Entering Alliances, Consortia and Foundations</td>
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<tr>
<td>![Icon 2] Committing to Plastics Recycling</td>
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<tr>
<td>![Icon 3] Increasing the Use of Recycled Content</td>
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<tr>
<td>![Icon 4] Converting to Reusable and Refillable Packaging</td>
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<tr>
<td>![Icon 5] Reducing the Amount of Packaging Used</td>
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<tr>
<td>![Icon 6] Eliminating Problematic Materials</td>
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<tr>
<td>![Icon 7] Securing Certified Sourcing for Paper Packaging</td>
</tr>
<tr>
<td>![Icon 8] Increasing Training and Technical Collaboration</td>
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<tr>
<td>![Icon 9] Investing in Specialized Packaging Projects</td>
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In preparing to communicate what is needed to deliver on the goals be prepared for pushback by anticipating common obstacles and leveraging the preparation that was completed in Step 1. It is now time to reengage with stakeholders but this time you are asking for solid commitment and the required support to move forward. Find your allies and prepare for these discussions by reviewing your stakeholder analysis and revising your explainer document. Now is the time to sell the relevance and importance of the work to date to the decision makers and this is best done by crafting a compelling story. One often cited example is the image of researchers removing a straw
from a sea turtles’ nose. This is often referenced in the movement against the use of plastic straws. 

Consumer sentiment and public opinion can go a long way in shifting the mindset of those resistant to addressing needed changes. Figure 4 highlights common obstacles to prepare for and strategies to address them head on.

**Figure 4. Common Obstacles and Recommended Strategies for Building Support for Sustainability Initiatives**

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Strategies</th>
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<tbody>
<tr>
<td>Limited Resources and Conflicting Priorities</td>
<td>Find Your Allies</td>
</tr>
<tr>
<td>What’s the ROI?</td>
<td>Broadcast a Compelling Story</td>
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<tr>
<td>Lack of Understanding of Sustainability Concepts</td>
<td>Lead With a Campaign Manager Mindset</td>
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<tr>
<td>Low Visibility on Early Wins</td>
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Source: Gartner ID: 428630

For the purpose of tracking the progress toward goals and commitments, outline how packaging sustainability will be monitored by establishing a tracking and reporting process. The groundwork in Step 2 that was completed to benchmark, document and quantify the current state of packaging should be used as the baseline to measure future progress. Determine which group or function is best equipped to track progress and report the status on a regular basis. Gartner’s interactions with clients finds that this responsibility falls across various teams depending on governance and access to the required information. Tracking and reporting can be the responsibility of supply chain, packaging engineering, procurement or quality.

**Evidence**


3. Gartner’s 2018 Consumer Values and Lifestyle Survey. This research was conducted via an online survey of 3,237 U.S. consumers ages 15 and older, between July and August 2018. Respondents for this survey were selected from among those who have volunteered or registered to participate in online surveys.
Note 1
Product-to-Package Ratio
As brands take greater responsibility for what they produce and offer to consumers, the practice of overpackaging is being questioned. But how do we determine how much packaging is too much? Setting self-governed, acceptable product-to-package ratios is a method to analyze existing offerings and those that are in development.

The concept of acceptable product-to-package ratios is not defined or standardized, but overuse of packaging for both B2C and B2B is now noticed by customers and is deemed to be wasteful, disconcerting and environmentally irresponsible. Where it used to be expected or, at worst, overlooked, big bulky packaging — such as theft-deterrent clamshells specific to retail and unnecessary layers of packaging — is now getting the ire of manufacturers, consumers and retailers alike.

Recommended by the Authors
Use 3 Change Leadership Strategies to Build Backing for Early-Stage Supply Chain Sustainability Initiatives
How to Assess Trade-Offs Between Sustainability and Operational Goals in the Hierarchy of Supply Chain Metrics
Supply Chain Brief: Start Sustainability Strategies With an Internal Agreement on Materiality
4 Practical Steps to Engage Suppliers in Circular Economy Models to Improve Raw Material Availability
Supply Chain Brief: 5 Things Supply Chain Leaders Need to Know About Sustainable Packaging
Supply Chain Collaboration Is Necessary to Achieve Lasting Sustainable Packaging Initiatives
How to Tackle the Single-Use Plastic Packaging Waste Crisis
Leading Companies Focus on Packaging to Meet Consumer Demands, Address CSR and Optimize Costs
Sustainability Represents an Opportunity for Supply Chain Sourcing

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Supply Chain Brief: Postponement Is More Than an Inventory Strategy
Supply Chain Brief: Amazon Incentivizes Its Vendors to Develop E-Commerce-Friendly Packaging
Pack Expo Demonstrates the Need for Sustainable and E-Commerce-Friendly Packaging

4 “CSB Sustainable Market Share Index,” NYU Stern Center for Sustainable Business and IRI.

5 “She Recorded That Heartbreaking Turtle Video. Here’s What She Wants Companies Like Starbucks to Know About Plastic Straws,” Time.