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Materials Practice

Sustainability in packaging 2023: Inside the minds of global consumers

Consumer sentiment on sustainability is changing as we emerge from the COVID-19 pandemic. A few common themes are clear, but views on packaging materials and environmental priorities vary by country.

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Sustainability continues to be an increasingly important issue for the packaging value chain. At the same time, consumer awareness is also growing. As societies emerge from the COVID-19 pandemic, consumer sentiment is evolving away from a hyperfocus on hygiene. To understand this better, we launched a survey across 11 countries to explore consumers' attitudes toward sustainable packaging. This builds on our 2020 work focusing on consumer sentiment globally,[1] as well as our 2023 work related to consumer sentiment in the United States.[2]

Our 2023 survey covers a statistically significant sample size across 66 percent of global GDP and 50 percent of the global population, as well as across demographics in each of the 11 countries. Responses from more than 11,500 consumers reveal three main findings. First, across all countries, hygiene and shelf life top the list of factors important in consumers' purchasing decisions. Second, on the environmental impact of product packaging, consumer concerns related to ocean litter are most evident in Europe, Japan, and the United States. Meanwhile, consumers in other Asian countries and Latin America seem most concerned about other forms of pollution. And finally, consumers around the world have different opinions on what type of packaging is most sustainable. That said, there is agreement on what the least-sustainable options are.

As this survey shows, it is clear that packaging companies will need to tailor their approaches to respond to an evolving and varied consumer landscape. In this article, we suggest five critical questions they will need to answer while building their future strategies.

Post-COVID-19 trends in packaging sustainability

In the early stages of the pandemic, hygiene concerns paused the drive to eradicate single-use packaging across several regions.[3] However, we are now seeing a shift away from this. The majority of consumers are less concerned about hygiene and food safety than they were during the pandemic, even though their level of concern is still above where it was before COVID-19 pandemic (Exhibit 1).

Nevertheless, even with the significant reductions of COVID-19 concerns, consumers still prioritize hygiene and food safety and shelf life as the two most important aspects of product packaging (Exhibit 2).

Similar to 2020,[4] price and quality continue to be most important for consumers when making a product purchasing decision. Compared to 2020, overall price has become even more important as a decision criterion, up 11 percent. In developed

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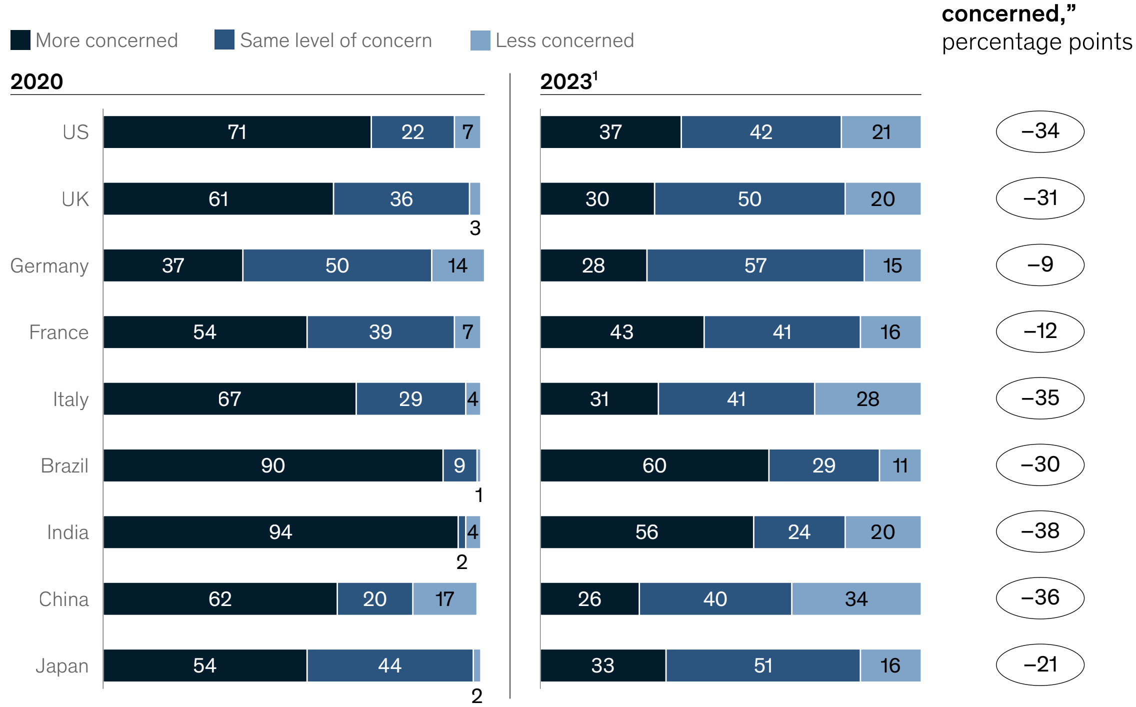
1 "Sustainability in packaging: Inside the minds of global consumers," McKinsey, December 16, 2020.
2 David Feber, Abhinav Goel, Daniel Nordigården, and Suku Ponkshe, "Sustainability in packaging: US survey insights," McKinsey, April 26, 2023.
3 For full details, see David Feber, Oskar Lingqvist, and Daniel Nordigården, "Shaping the next normal of packaging beyond COVID-19," McKinsey, May 26, 2020.
4 For more on the results of the 2020 survey, see "Sustainability in packaging," December 16, 2020.

Exhibit 1

Consumers perceive hygiene and food safety as less important than during the COVID-19 pandemic.

Q: "When thinking about packaging, how do you currently perceive the importance of hygiene and food safety compared to the time before COVID-19?," averaged across all categories, %

Change in respondents that indicated "more concerned," percentage points



Note: Figures may not sum to 100%, because of rounding.
[1]Responses for Mexico and Sweden not shown.
Source: McKinsey Packaging Survey, July 2020 and March 2023

nations such as France, Germany, Italy, Japan, Sweden, the United Kingdom, and the United States, price as a decision criterion has climbed by double digits. By comparison, price is still significant in developing nations such as Brazil, China, India, and Mexico, but its importance has risen by low to mid-single digits compared to 2020.

The future of sustainability in packaging

As time moves on from the outbreak of COVID-19, sustainability pressure is building once again. Manufacturers and retailers of fast-moving consumer goods continue to innovate new packaging formats to improve circularity, particularly focusing on recycled content such as post-consumer resin. These innovations come as players seek to deliver on their own sustainability commitments and address consumer expectations, nongovernmental organization voices, and new packaging regulations.

Currently, new regulation governing sustainability dimensions of packaging is expanding on multiple fronts such as proportions of recycling or recycled content and is no longer confined to select countries or regions. As a result, these regulations have become more of a global phenomenon, even if their levels vary. However, exactly what consumers are concerned about in terms of environmental impact differs, depending on region (Exhibit 3).

Exhibit 2

Consumers still prioritize hygiene and food safety together with shelf life as the packaging criteria shaping their purchasing decisions.

Importance of different aspects of product packaging, respondents who indicated "extremely" or "very strong," %

Ranked in top 2 | Ranked in lowest 2 | ▲ Percentage point (p.p.) change from 2020

	North America		Europe					Latin America	Asia			
	US	Mexico	UK	Germany	France	Italy	Sweden	Brazil	India	China	Japan	2023 global average,[1] %
Hygiene and food safety	75	85	72	68	64	66	62	89	89	87	63	75 ▼ 2 p.p.
Shelf life	69	82	63	59	53	62	55	90	80	81	46	67 ▼ 2 p.p.
Ease of use	57	71	51	46	40	41	33	78	78	65	35	57 ▲ 0 p.p.
Durability	55	69	44	56	39	47	44	72	77	61	27	55 ▼ 1 p.p.
Information included on the label	54	71	47	46	42	55	43	81	78	73	36	54 ▼ 5 p.p.
Environmental impact	39	71	45	48	39	45	34	76	77	69	29	51 ▲ 0 p.p.
Appearance	34	52	28	26	29	16	17	62	62	40	11	35 ▼ 10 p.p.

[1]Excludes Mexico and Sweden.
Source: McKinsey Packaging Survey, March 2023

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Consumers in developing economies, especially China, Brazil, and India, are more concerned about both air and water pollution, while ocean litter is top of mind for most consumers in Europe, Japan, and the United States.

In all surveyed countries and across end-use areas, the majority of respondents claim to be willing to pay more for sustainable packaging, although willingness to pay more for packaging is much higher in developing nations. Willingness to pay is

Exhibit 3

Ocean litter is top of mind in Europe, Japan, and the United States, while pollution is of greater concern in other Asian and Latin American countries.

Environmental impacts ranked by respondents who indicated “extremely” or “very concerned”

Ranked in top 2 | Ranked in bottom 2

	North America		Europe					Latin America	Asia			
	US	Mexico	UK	Germany	France	Italy	Sweden	Brazil	India	China	Japan	2020 global rank
Water pollution	2	1	5	2	2	1	2	1	1	1	2	1
Ocean litter	1	2	1	1	1	2	1	3	7	4	1	2
Climate change	5	6	2	4	5	3	4	7	4	5	4	6
Waste production	3	7	3	6	6	5	6	5	3	3	3	5
Air pollution	4	5	7	7	7	4	7	2	2	2	5	3
Deforestation	7	3	4	3	3	6	5	4	6	7	6	4
Natural resource depletion	6	4	6	5	4	7	3	6	5	6	7	7

Source: McKinsey Packaging Survey, March 2023

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highest in the fresh fruit or product and fresh meat or poultry categories. In most countries, higher-income groups have a greater willingness to pay for sustainable-packaging offerings compared to the same product with nonsustainable packaging.

In Europe, better product labeling and rebate or incentive programs could encourage consumers to buy more products with sustainable packaging; in some other countries, increased availability of sustainable products and improved pricing could

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encourage consumers to buy packaging that is more sustainable. Accordingly, companies can continue to pursue a nuanced approach, remaining flexible about the sustainability levers deployed within each country.

Packaging substrates: What do consumers prefer globally?

Our recent research on packaging and sustainability shows that no single packaging type (whether plastic, glass, metal, or paper) is an absolute leader across every attribute of packaging sustainability. All types have both positive and negative features that vary in terms of sustainability, application, and region. Still, the question often asked is which packaging substrate is seen as the most sustainable by consumers. Our survey indicates consumers around the world are not fully aligned in their views on what the most sustainable packaging materials might be (Exhibit 4):

— Compostable and plant-based packaging (for example, sugar cane and cornstarch) tends to rank higher in several countries, with the exception of Japan. In Japan, consumers view plastics made from recycled content or fully recyclable plastics as being equally sustainable as compostable packaging.

— Globally, plastic films made from renewable or compostable material also rank high.

— Paper scores high on average and especially high in countries such as India and the United Kingdom.

Five critical questions to consider

We suggest that packaging suppliers and consumer companies take a strategic look at their portfolios, being careful to assess them in the context of five critical questions:

1. What are unique generational trends that can affect products over the next five to seven years?

2. Which products are most at risk based on anticipated regulatory changes and consumer perception?

3. What innovation and disruption are being pursued by competitors and innovators across key product areas?

4. What are the potential growth opportunities in which the company would be uniquely positioned to provide winning solutions regarding sustainability and circularity?

5. What are the nuances across demographics that can help better align products to end-market segments?

Exhibit 4

Consumer perceptions around the world are starting to align with compostable solutions.

Q: "How sustainable do you think each of these packaging types are?," ranked by number of respondents who indicated "extremely" or "very strong," %

Ranked in top 3 | Ranked in bottom 3

	North America		Europe					Latin America	Asia				
	US	Mexico	UK	Germany	France	Italy	Sweden	Brazil	India	China	Japan	Global average, %	2020 Rank
Compostable packaging	72	82	74	68	51	62	58	82	78	68	61	69	
Plant-based packaging	70	81	66	70	50	61	57	87	77	70	57	68	
Plastic films made out of renewable raw materials that can be compostable	61	69	54	57	37	54	44	77	70	72	61	60	1
Paper-based cartons	59	63	60	49	34	54	43	60	76	59	42	55	4
Fully recyclable plastic bottles and containers	56	67	55	41	36	35	41	74	62	66	61	54	3
Flexible paper	52	57	63	50	33	54	42	59	74	62	39	53	6
Glass bottles and jars	51	54	55	65	56	53	38	41	60	50	44	52	2
Plastic bottles and containers made out of recycled plastic materials	53	62	47	36	30	37	36	67	62	61	46	49	7
Fully recyclable plastic films	57	60	54	36	35	43	29	68	64	26	59	49	5
Metal containers	37	33	40	22	25	27	23	35	54	50	36	35	8
Packaging combining plastic, paper, and aluminum foil	28	36	22	12	15	14	14	29	48	42	16	25	10
Aluminum foil wraps	25	24	23	8	16	27	13	24	46	37	15	23	9

Source: McKinsey Packaging Survey, March 2023

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Consumer sentiments have been shifting as the world emerges from the COVID-19 pandemic, and in some cases, these are continuing to diverge across countries, regions, and demographics.

In this rapidly evolving landscape, companies can develop nuanced strategies to help create growth opportunities and to emerge as winners.

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