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Can we feed the world without plastic?

Sustainability challenges in the FMCG Industry

1 INTRODUCTION

Sustainability means different things to different people. For some, it means equitable empowerment of all life on earth. For others, it means to reduce, reuse, recycle and replenish. Again for others, it means “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland Commission, 1987). Some suggest it is simply equity and resilience over time and some say it is to preserve and enhance what nature has provided and to learn from our ecosystem. For myself, it means predominantly protecting and preserving the earth’s ecosystem, replenishing resources, responsible consumerism and freedom, health and wellbeing of all beings. This all could become reality by achieving the seventeen goals of the United Nations Organisation.

The challenges of sustainability, in general, are e.g. poverty, inequalities in living conditions and treatment as well as education opportunities, hunger, exploitation and pollution of the natural environment on land and in water. The process of climate change caused by several interacting factors such as increased carbon emissions due to industrialisation in combination with deforestation and a growing population showing environment ignoring business practices and irresponsible consumerism behaviour.

In this article, I would like to take a closer look at the problem of production and usage of plastic packaging. Plastic packaging means exploitation of resources, creation of waste and therefore pollution of the environment, emission of carbon during production leading to climate change.

2 THE SUSTAINABILITY CHALLENGE

To obtain sustainable life on earth we must overcome various challenges. The UN has formulated 17 sustainability goals which refer to “grand challenges” including ethical issues such as gender pay gap, racism as well as environmental issues e.g. rising carbon emissions and exploitation of natural resources.



Figure 1 - UN Sustainability Goals (from <https://en.unesco.org/>)

The achievement of these goals requires a concerted effort from governments, consumers and business. The latter must consider the potentially negative environmental effects of their activity and implement sustainability management. Major companies have already taken action towards becoming more sustainable. For example, Adidas is using recycled plastic waste from beaches and coastal regions to produce shoes (Adidas, 2020). One of Bosch's sustainability activities is a Thermo technology location with a water recycling system which is saving water and CO₂ (Bosch, 2019). FMCG companies such as Mars are introducing recycled packaging materials (Holbrook, 2020). However, the activities listed in organisations' CSR reports do not always correspond to what we observe in the real world (Dyllick and Muff, 2016). This could be because the companies paint too rosy a picture or perhaps their actions do not go far enough to have a significant impact.

Specifically, plastic packaging in various industries is growing exponentially. In some industries, the use of plastic packaging has increased 120-fold! Reducing the industry's dependency on plastic is not a small feat. This article focusses on how the businesses in fast-moving consumer goods (FMCG) industry, specifically in the Food Industry, may overcome these challenges and abolish the use of plastics.

Often a single challenge is closely connected to other issues. Using plastic packaging does not only mean plastic waste. It also means additional carbon emissions when the packaging material is shipped along the supply chain to the producer (e.g. shampoo bottles) and after the product has been used the empty container has to be shipped to the landfill.

The issue with the packaging is exacerbated by the fact that production output increases year on year. Thus, reducing packaging for single items while increasing production does not reduce but increases the use of plastics. Even when the food and FMCG industry will find adequate alternative packaging then we have to take into account that these industries are increasing their output every year (ProFood, 2016, McKinsey, 2014).

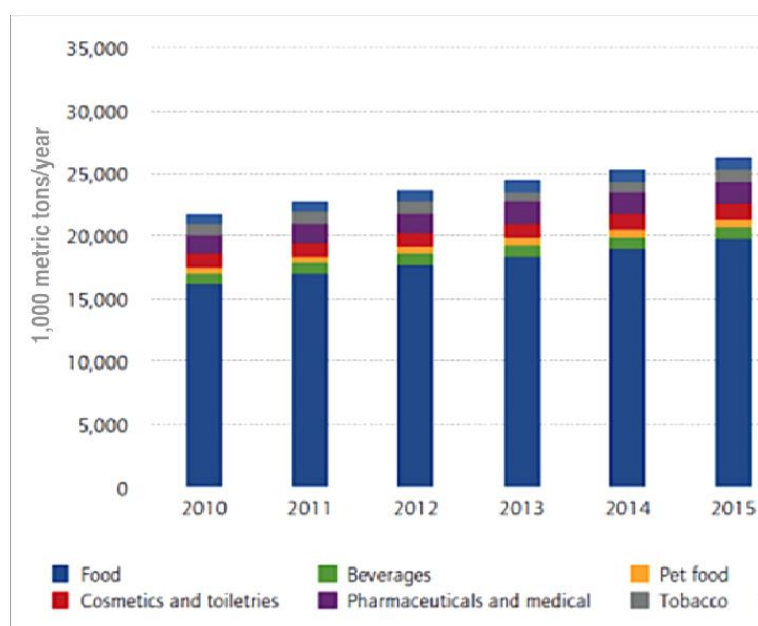


Figure 2 - Use of Plastics in FMCG (from <https://chemical-materials.elsevier.com/wp-content/uploads/2017/01/Food-packaging-post.png>)

Dependency on plastic puts FMCG producers on the spot when it comes to assessing the impact of their actions on the environment. But there might be a light at the end of the tunnel.

2.1 BARRIERS TO SUSTAINABILITY

There are few alternatives available on the market e.g. biodegradable packaging made of starch, cellulose, lignin and bio-sourced packaging (Borunda, 2019). Some organisations in the food industry have added these to their supply. However, biodegradables are not yet competitive. There is more research to be done to improve the properties of alternative packaging (Siracusa et al., 2008).

Personal care producers too have problems to find adequate alternatives to plastic. At a first glance, the material glass seems to be a perfect substitute considering its eternal recyclability. However, glass is a more expensive option in terms of price and carbon footprint as it is heavier and thus requires more transport energy. Many FMCG producers stick to plastic purely based on price (Borunda, 2019)

Increased use of recycled plastic would certainly be seen as a step in the right direction. However, the recent drop in oil prices caused by lower demand because of COVID-19 caused virgin plastics to remain significantly cheaper than recycled plastics. This is used as yet another excuse for the continuous use of virgin plastics (Mehta, 2020). As long as entrepreneurs are unsure about the availability of recycled plastics or alternative packaging (and process thereof), their entrepreneurial forward thrust might ignore moral aspects and chose environmentally damaging materials above green alternatives (Shepherd et al., 2013).

The blame is not with the industry alone. Even environmentally conscious consumers prefer cheaper products in virgin plastics to the more expensive recyclable packaging (Moorcroft et al., 2019). There is not yet enough consumer pressure on the industry to become more sustainable in this respect.

Another issue, very visible in England is the disconcerted approach to recycling. Governments must standardise recycling programs to make them easy to follow wherever people live and must promote these programs. Further, the infrastructure of recycling organisations must be expanded to provide more capacities for recycling (Guberman, 2018). At present, recycling in England remains a postcode lottery.

Recent events have further stifled attempts to reduce one-way packaging. The COVID/19 pandemic has worsened the situation. Under the pretence of hygiene, the use of plastic has increased. For example, it has become more difficult for people to go out and meet in restaurants. Thus, the demand for takeaway food packed in throw-away containers and wrapped in single-use plastic bags has increased. The Coronavirus has caused a push back of bills for the introduction of taxes on non-recycled plastics (Mehta, 2020). The governments have now postponed actions like the ban of plastic straws and cotton buds and charge of single-use plastic bags and the introduction of taxes on virgin plastic, giving another blow to the sustainability efforts.

2.2 DRIVERS FOR SUSTAINABILITY

There is still hope that recycled plastics will become more attractive than virgin plastics when the government will introduce the tax on packaging without at least 30% recycled material. Lower costs might finally convince businesses to use recycled packaging material (Mehta, 2020).

The environmental unfriendly results of COVID-19 are highlighting that it is more urgent than ever to find alternatives for plastic packaging, to improve the world-wide recycling system and to put laws into place to punish the use of virgin plastics. If people, businesses and governments recognise this increased urgency, the war against virgin plastic might be won (Sault, 2020).

Some in the food industry claim that getting rid of non-recyclable packaging material would mean an increase in food waste due to shortened shelf-life ability (McKinsey, 2020, Moorcroft et al., 2019). But is this not rather a problem of overproduction? Why must food have such a long shelf-life at all? Are consumers not able to think carefully about what they really need? Might it be the time to rethink output quantities instead of thinking about ways to make food last longer (and end in the bin none the less)? Smaller quantities produced would require less packaging material. Could this be a driver towards sustainability?

The companies are forced to do more for sustainability. This positive pressure comes from many stakeholders e.g. investors and consumers who demand more transparency about businesses' sustainability (Naish, 2020). Sustainable businesses will be ahead of the curve. They will be able to comply with new regulations and satisfy increasing customer demands ahead of the competition. Businesses, therefore, need to develop strategies enabling them to use fewer resources and reduce their carbon footprint in the long term (Tonelli et al., 2013).

There is also money to be made with sustainability. There are claims that sustainability requires businesses to invest more money which can be seen as a cost. However, governments are investing heavily in sustainability, for example, the EU offers a €750bn corona recovery package (Haubensak, 2020). The governments understand that environmental entrepreneurs are best suited to bring about the cultural change to implement governments' environmental sustainability ambitions (York et al., 2018). These investments further create safer business environments for entrepreneurs which, in turn, stimulate environmentally friendly business decisions (Shepherd et al., 2013).

Truly sustainable businesses will require new business models. We are depleting our resources. The sustainable model will be less homogenous, local and partnership-centric, and less resource-dependent. Eco- and resource-efficiency will become unavoidable. Businesses which will miss their sustainability goals today will be punished by their customers, governments and other stakeholders tomorrow (Tonelli et al., 2013, Rabin, 2004).

Peter Drucker calls “challenges opportunities in disguise”. So, let us see how we can turn the business challenges into business opportunities (Dyllick and Muff, 2016).

2.3 SUSTAINABLE STRATEGY

The strategy development for a sustainable business is manifold. It requires the consideration of all risks and contingencies. Further, it calls for effective change management, clear communication and involvement of a variety of stakeholders in its execution. The involvement and alignment of stakeholders with organisational goals and vision is a necessary condition for the progress of sustainability and the incorporation of sustainability values into the business culture (Haubensak, 2020).

Sustainability requires a long-term strategy. There is, however, a conflict with short-term commercial gains. To become truly sustainable businesses and shareholders must put sustainability before short-term profitability (Dyllick and Muff, 2016).

Sustainability requires a broad strategy. For example, focusing primarily on recycling ignores the options of reusable and compostable materials and reduction of packaging overall (Metsä Board, 2020, Mehta, 2020).

Sustainability strategy must be vertically aligned and include the entire supply chain. Potentially this will require the introduction of new supplier contracts and the creation of monitoring and enforcement mechanisms along the supply chain. The strategy beyond production and must consider product use and disposal (Hackenberg, 2019, Moorcroft et al., 2019).

Sustainable strategy requires alignment with partners, suppliers and retailers. Otherwise, actions successful in one area may negate actions in another. The strategy includes engagement with a very wide set of stakeholders including governments, NGOs, etc. to accelerate the sustainability change. Many of practised CSR activities have a too weak effect on sustainability. Sustainability must be lived integrally within the business to achieve the final global sustainability goal (Haubensak, 2020, Moorcroft et al., 2019).

3 CONCLUSION

The main challenge for the Fast-Moving Consumer Goods (FMCG) industry is to reduce their plastic dependency.

The main opportunity for the FMCG industry is to embrace the necessity for change. In the past, the necessity has been the mother of invention. If businesses can manage to change their profit-orientated culture into a sustainability culture and convince stakeholders of the necessity for and advantages of this change, they will be able to expand and grow. When businesses can make a vast contribution to the achievement of the UN's sustainability goals, they will certainly be perceived as attractive employers, suppliers and brands to buy from. They will be the winner of the future as part of a more sustainable business world.

Governments must push forward taxes on and charges for environmental harming packaging materials. They must create incentives for businesses to implement environmentally friendly practices (Cowan, 2019, Naish, 2020, York et al., 2018).

Business leaders do not need to wait for governments' punitive actions. They can become part of the solution instead of being part of the problem. For example, the organisation Plastic Banc encourages people in developing countries to collect plastic waste for recycling while running a commercially successful business at the same time. (Katz, 2017). Engaged entrepreneurs like David Katz (CEO) and Shaun Frankson (CTO), both founders of the organisation Plastic Banc, show how we can improve life in developing countries, be environmentally friendly and commercially successful at the same time.

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