Packaging is ubiquitous to most products, industries and business models, and is being disrupted as consumer needs shift due to COVID-19. Supply chain leaders for customer fulfillment must understand the impact and work with packaging leaders to plan for lasting postpandemic implications.

What You Need to Know

The coronavirus has taken a toll on public health, the economy and purchasing patterns of corporations and consumers. In the months since the onset of the pandemic, there have been significant changes in what goods are bought, how they are purchased and how they are delivered. Packaging plays a role in all aspects of the supply chain, from protection, storage, transport, promotion, customer experience to final disposal or recycling. Thus, there have been significant impacts on packaging trends as a result of the pandemic, specifically to support increased levels of e-commerce as well as improved sustainability (see Figure 1). As organizations move into the postpandemic recovery phase, it’s critical to learn from responses to the pandemic and to identify the packaging trends that will shape the new normal.

Analysis

Figure 1: COVID-19 Impact on Packaging

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| COVID-19 shifts buying behaviors, and with that perceptions and use of packaging. | The pandemic has forced changes in consumer behavior resulting in an increase in e-commerce transactions, increased use and appreciation for protective packaging, and economic pressures for brands promising sustainable alternatives. | • Renew the focus on developing an e-commerce packaging strategy by collaborating across the ecosystem to achieve cost-effective, consumer-friendly packaging solutions.  
• Support the organization in delivering CSR initiatives by putting an emphasis on meaningful and economically viable packaging targets.  
• Create resiliency for e-commerce packaging operations and assure consistent packaging material supply by working with cross-functional teams.  
• Optimize packaging for postpandemic recovery by eliminating unnecessary packaging features and focusing on sustainable, cost-effective, channel-appropriate packaging solutions. |
Surge in E-Commerce Sales Raises Urgency to Develop E-Commerce-Ready Packaging

The increase in e-commerce sales has been a logical effect of social distancing. The pandemic did not eliminate demand for many goods, but did change how consumers can safely go about acquiring them. The shift to e-commerce resulted in an unplanned jump in the frequency of e-commerce transactions, growth in trailing sectors, such as grocery, and a significant number of new users embracing e-commerce for their daily needs. Early in the pandemic, consumers indicated that they planned to shop more regularly online, including an increase in the purchasing of groceries.

As of mid-March, U.S. online purchases of groceries had grown substantially (plus 300% to 400% for common shelf stable items) compared to the first four weeks of January. The coronavirus e-commerce effect has been observed in both delivery patterns and online shopping. During the week of 30 March 2020 through 5 April 2020, online sales increased by 133% — a 42 percentage point increase from the week before. In a survey of European packaging industry leaders, 63% percent believe the pandemic will lead to long-lasting acceleration of the e-commerce trend.

The challenge for manufacturers and retailers, both traditional and e-commerce, is that the lack of cost-effective and efficient e-commerce packaging was never fully addressed prior to the pandemic (see “Pack Expo Demonstrates the Need for Sustainable and E-Commerce-Friendly Packaging”). The sudden increase in e-commerce has forced organizations to react to meet the demand while still using packaging designed for traditional retail and not fit for purposes of e-commerce. In the short term, consumers are expected to become more price-sensitive, putting pressure on packaging suppliers and their customers, and the brand owners, to reduce costs. Reducing costs is often related to using less, but in the case of single parcel last-mile delivery, the rigors of the distribution environment often require greater protection. This all leads to the need to strategically develop e-commerce products, packaging and manufacturing practices. The accelerated rate of sales through e-commerce due to the pandemic warrants revisiting automation and channel-specific packaging initiatives due to increased scale, labor constraints and improved ROI.

After Years of Packaging Being Condemned as Harmful to the Environment, the Pandemic Has Brought a Renewed Appreciation for Convenience and Safety

With fears of the virus being transmitted through surface-to-human contact, there has been an increase in occurrence of single-use packaging while there has been a halt to reusable packaging and self-serve shopping, such as bulk bins. The emphasis of personal hygiene had translated into a fear of contracting the virus from exposed fruits and vegetables and through reusable packaging. Many brands that had strong sustainable packaging initiatives, including reducing or eliminating single-use plastics and promoting reusable packaging, have had to shift their practices to address the pandemic. For example, out of an abundance of caution, Starbucks suspended the use of refillable cups — while still promoting the behavior by awarding the reusable cup discount.
Grocery retailers have been forced to introduce additional packaging where it had been publicly stated that their goals prior to the pandemic were to reduce or eliminate these materials. Many states in the U.S. have banned reusable shopping bags, and there has been an increase in the popularity of prebagged produce. Consumers have accepted the fact that they can’t select that “perfect” apple or tomato in order to reduce the possibility of transmission of the virus. Restaurants that are able to be open, and are providing delivery or takeout services, have seen a steep increase in the amount of single-use packaging that they use. The increase in packaging use has contributed to overall rising costs and brings into question how soon consumers and retailers revert to more efficient and sustainable use of packaging. The pandemic, by many accounts, has increased the average consumer’s appreciation for packaging and its hygiene advantages.

Sustainable Packaging Initiatives Are Expected to Remain a Priority for Consumers and Brand Owners

Early concerns about a coronavirus-driven pullback in the consumer and brand owner commitment to more sustainable packaging haven’t materialized. Initially, there were fears that the pandemic would stop or delay sustainable packaging initiatives that had gained significant momentum since 2017. However, the strength of the sustainable packaging movement has remained through the pandemic, validating that sustainable packaging has become a key business driver. Sustainable packaging has evolved beyond being a trend and has become a key priority for consumers, brands and the investment community (see “Why Every Company Will Need an ESG Data Strategy by 2021 and What Chief Supply Chain Officers Can Do About It”). E-commerce fulfillment, with its increased reliance on protective packaging and its steady growth, must not be left out of the sustainable packaging roadmap.

During the heart of the pandemic, we have seen brand owners forge ahead or increase their sustainable packaging commitments. As the pandemic and other social events occur around the world, there is an increasing lack of trust in governments and large institutions. Brand owners can address consumers’ concerns for the environment and build trust through sustainable packaging and a commitment to protecting the environment. A key challenge going forward will be cost pressures as a result of the pandemic coupled with the fact that today many sustainable packaging solutions have higher costs than standard materials.

In a March 2020 report by PMMI, 64% of brand owners cited added costs as the top reason for slowing down the implementation of sustainable packaging solutions. Despite the known impact on costs, during the midst of the pandemic major brand owners have renewed or increased their packaging sustainability commitments. Mondelez International announced it is joining the New Plastics Economy Initiative and the U.K. Plastics Pact. Starbucks launched a trial of a “greener cup technology,” and Henkel set new more ambitious packaging targets for 2025. These investments and commitments are in line with research indicating that consumers will be putting a greater emphasis on their actions and how it affects the environment post-COVID-19.

Recommendations
To prepare for a postpandemic new normal and keep the focus on customer experience, supply chain leaders responsible for customer fulfillment and collaboration must partner on packaging initiatives to:

- Renew the focus on developing an e-commerce packaging strategy to mitigate the increase in packaging and shipping costs by collaborating across the ecosystem to achieve cost-effective, consumer-friendly packaging solutions.
- Support the organization in delivering corporate social responsibility (CSR) initiatives by putting an emphasis on meaningful and economically viable packaging targets while the impact of the pandemic on the longer-term economy takes shape.
- Create resiliency for e-commerce packaging operations and assure consistent packaging material supply by working with cross-functional teams to prequalify alternate suppliers, document packaging equipment requirements and harmonize packaging specifications.
- Optimize packaging for postpandemic recovery by collaborating with brands and package development teams to eliminate unnecessary packaging features and to focus on sustainable, cost-effective, channel-appropriate packaging solutions.

Evidence

1 “5 Ways the Coronavirus Is Affecting Consumer Behavior,” Criteo.
5 “States Are Banning Reusable Shopping Bags at Grocery Stores Amid Coronavirus Concern,” Today.
6 “Prebagged Produce Proves Popular During Pandemic,” RetailWire.
9 “Packaging Sustainability: A Changing Landscape Executive Summary 2020,” PMMI.
Recommended by the Author

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