

## **Sustainable Foodservice Packaging Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

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### **Report description:**

The Sustainable Foodservice Packaging Market was valued at USD 52.93 billion in 2021 and is expected to reach USD 74.67 billion by 2027, registering a CAGR of 6.12% over the forecast period of 2022 - 2027. With customers becoming increasingly concerned about the environment and package leaks' impact, packaging sustainability is a mega trend impacting the packaging industry. As a result, new, stronger sustainability requirements regularly surfaced on various fronts. The increase in concern for environmental impacts caused by these plastic containers among the food service industries, leading to multiple companies using recycled materials for food services, is driving the studied market.

### **Key Highlights**

The increase in the growth of the urban population has increased the demand for prepared and ready-to-eat food products, which has a significant impact demand of the food service packaging market, thus increasing the demand for sustainable food services packaging solutions, thus driving the market in the forecast period.

In the major regions, urbanization, lifestyle changes, coping with fast-paced work life, and dependence on online food platforms are rapidly changing the dynamics of the foodservice industry, which in return has increased the demand for sustainable foodservice packaging solutions.

Packaging innovation, including new materials, refill systems, and recycling solutions, is another key challenge on the path toward a waste-free future. In addition to its significant in-house research through the Nestle Institute of Packaging Sciences, the company will launch a CHF 250 million sustainable packaging venture fund to invest in start-up companies that focus on these areas.

The cost of using sustainable packaging is understandably higher than conventional packaging. This is due to the materials involved and their sourcing (both virgin and used materials) - but also due to the less-established supply chains, manufacturing processes, and lower economies of scale, hampering the market growth.

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The COVID-19 pandemic has driven up demand for food and beverage packaging that is secure and resealable, owing to rising concerns about food safety and security. Also, it has impacted the global packaged food products market progressively. The unexpected demand for packaged food products during the pandemic is attributed to the increased consumption of snacks and beverages, chocolates, chips, and frozen food products during the lockdown period.

As users emerge from COVID-19, consumers see sustainability as becoming increasingly important: marine litter is top of mind in Europe and Japan, while pollution is more of a concern in other Asian countries and the Americas. Most consumers worldwide claim to be willing to pay more for sustainable packaging.

## Sustainable Foodservice Packaging Market Trends

### Quick Service Restaurants are Expected to Drive the Market Among End-users

Quick service restaurants (QSRs) offer low-cost food options, focusing on the speed of service. The minimal table service and emphasis on self-service make this group different from traditional restaurants. The relationship between quick-service restaurants and sustainability has been inconsistent.

The industry is not exceptionally environmentally friendly among the Styrofoam cups and packages, plastic lids, cardboard holders, genetically modified vegetables, and inorganic meat. However, as eco-friendly services are becoming more appealing to customers, many companies are moving to greener options that are less harmful to the environment.

Some quick-service restaurants, known for their 'organic' options, are adapting to more environmentally friendly alternatives to reduce their carbon footprint. For instance, in June 2022, KFC India unveiled 'KFCconscious,' marketed as the most sustainable restaurant in Chennai, as the outlet aims to use environment-friendly materials. KFC India has also chalked out plans to open 20 more outlets across the country by the end of 2022. Such instances are driving the demand for sustainable foodservice packaging in QSRs.

The segment also witnessed multiple partnerships due to the rising demand for sustainable packaging. For instance, in October 2021, Yum! Brands expanded its existing partnership with the NextGen Consortium, a multi-year consortium convened by Closed Loop Partners, to address disposable food packaging waste. As a support partner, Yum! and its KFC, Pizza Hut, Taco Bell, and The Habit Burger Grill brands will continue to work with other companies to help advance sustainable food service packaging solutions that are resilient across the infrastructure. Also, this partnership plays an important role in Yum!'s overall sustainable packaging strategy through innovation and alliances across the foodservice industry.

The COVID-19 pandemic sparked an unprecedented shift in the way U.S. consumers spent money on food, particularly at restaurants and other food-away-from-home (FAFH) establishments. Consumer spending increased on a particular type of food offered by the quick service restaurants, such as hamburgers, pizza, or chicken.

### Asia Pacific Accounts for the Largest Market Share

The Asia Pacific region comprises densely populated countries and emerging economies, such as China and India. The demand for food services is rapidly growing, and the adoption of sustainable packaging is gaining momentum and is expected to be the highest during the forecasted period.

Plastic has been an essential part of the packaging industry that forms the foundation of the consumer convenience culture. Owing to their cost-to-performance ratio, traditional packaging materials, such as corrugated paper boards, glass, metals, etc., have been substituted by plastics in food service and numerous applications in the food industry. However, the qualities that make plastic convenient to use also make it non-degradable and have an everlasting presence in the environment, contributing to 43% of pollution in India alone.

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In February 2022, CHUK, a compostable foodservice ware brand, joined quick commerce firm Blinkitas, its sustainability partner. Blinkitdelivers CHUK's products to end consumers within 10 minutes, bridging the gap between end consumers and CHUK. The partnership helps CHUK aim to serve one crore pieces to the end-consumers on the platform in FY 2022-23. Blinkit, as a sustainability partner, CHUK seeks to create a pan-India online presence. This partnership will enable CHUK to facilitate easier access to its range of products for customers across geographies.

The Indian Railways and Air India announced replacing plastic packaging with eco-friendly paper and will use wooden cutlery to take a step toward sustainability. Numerous brands are now switching their packaging away from single-use packaging to recyclable, reusable, and compostable material packaging.

In December 2021, Eka Global, a leading longevity packaging manufacturer, announced the opening a new manufacturing plant in India in 2022 with an investment of USD 10 million production plant that will enable the company to increase production capacity to meet rising demand in Asian markets. With a focus on green products under the circular economy concept, the company aims to increase annual sales to THB 3,000 million in five years to become one of the world's top five longevity packaging producers.

## Sustainable Foodservice Packaging Market Competitor Analysis

The Sustainable Foodservice Packaging Market is fragmented with high competition owing to a large number of players in the market. With new innovations in sustainable food service packaging and market demand, the market is attractive for the new players. Some of the key players in the market are Amcor Limited, Sealed Air Corporation, and Mondi Plc., among others.

June 2022 - Tetra Pak joined hands with Reliance-owned Milkbasket, India's first and largest daily micro-delivery service, to help consumers recycle their used beverage cartons through Milkbasket's app. Under this initiative, Milkbasket users can put in a pick-up request along with their usual groceries delivery order through the app and simply leave the used cartons in the Milkbasket bag outside their door. The delivery agent, while dropping off groceries, will then pick up these used cartons and take them back to a central hub.

December 2021 - Amcor introduced a high-barrier, high-speed, recycle-ready liquid pouch packaging solution by continuing to forge a path to its 2025 sustainability goal. This product combines critical machinability performance and barrier characteristics for product protection of shelf-stable liquid foods for retail and foodservice applications.

### Additional Benefits:

The market estimate (ME) sheet in Excel format  
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