

Food packaging has transformed tremendously over the past four decades and has become a prime feature of processed foods. Even in the commodity food space, packaging has become a key functional attribute and has moved steadily away from being only a utility feature to preserve or protect food. This evolution has also applied to packaging materials as the world has moved away from bulky glass or frail paper based materials to nano-structured polymers and cross functional composites. While majority of this can be attributed to ease of access and evolution of material sciences, a large contribution to this evolution is the consumer preference, perception and expectations from food packaging.

Modern packaging solutions serve more purpose than just to contain, protect, and preserve products. It also has features for communicating, promoting, and transacting products. Packaging contains various inherent cues that are intended to impact consumers' perceptions of the product and intended behaviour. If you study the art and science of packaging, it becomes evident that the evolution revolves closely around cultural phenomena and consumer behaviors at any given time.

In the post pandemic reality of today, the needs and functions of food packaging can be termed as S.M.A.R.T (Sustainable, Multifunctional, Affordable, Retail Ready and Trendy) and the elaboration of each facet of the same can be summarized as follows.

Sustainable: Traditional definitions relate sustainable packaging solely to environmental sustainability which has been the key focus and driver of packaging innovation in the past decade. However, the term sustainability also refers to sustaining environment, enterprise, people and profits. This means taking a triple bottom line approach by both packaging manufacturers, packaged food companies and even the end user. This approach involves taking into consideration profit, people and planet while making packaging choices and to create and sustain a packaging market that serves the purpose on all three aspects. Biodegradable, Low Carbon Footprint and People Positive packaging are the core innovation areas by packaging manufacturers today as food packaging companies are facing demands for the same by the end users. End users or consumers are more and more aware about the environmental impact of their purchase preferences, food companies are being rewarded and penalized by regulatory agencies based on their sustainability goals and are proactively making packaging choices to fit into the good books of both consumers and regulators.

Multifunctional: As mentioned earlier, the functions of packaging have changed from just the containment, preservation and protection of food and now involves packaging being utilized as a aid to marketers to convey product features, functions and comparative superiority. From a chip and dip pack for snacks to an easy to drink sipper for beverages, multifunctionality is a must have and not a good to have feature of food packaging. Multifunctionality can be applied beyond consumption useability to include product phase separation in case of sauces and spreads coupled with easy dispensability. Multifunctional packaging can also be linked to re-use and up-cycling of packaging especially when made of durable material such as glass, wood and composite materials. While majority of multi-functional packaging is intended for B2C applications, the B2B value chain, especially to brick and mortar, also utilizes multifunctional packaging in form of in store displays, shelf ready bulk packaging and more.

Affordable: On an average, packaging costs in packaged foods range from 5per cent to 25 per cent depending on product type, value chain and consumer groups. This cost is usually passed to the consumer and that inadvertently impacts packaged food affordability. As we live in a word where hunger, obesity and malnutrition co-exist while 30% of all produced food is wasted, it's a natural intent to ensure that food safety and security needs are met. Packaged and processed foods are an integral part of global strategy for food safety and security and a considerable portion of these responsibilities resides with the functional benefits of adequate packaging. Therefore, its incredibly important that the packaging solutions being developed for the processed and packaged food industry incorporates the fundamental idea of making packaging affordable and accessible for all segments of manufacturers. The packaging needs

should not just suffice for large multinational food manufacturers and should also benefit local, small and medium scale companies which make up for the bulk of food production and distribution especially in growing economies and population centres.

Retail Ready: The pandemic has blurred the traditional differentiation between Retail and Food Service products. Omnichannel consumption and products have made a considerable impact in the consumer markets in the past two years with bulk purchases and white label products finding their way into consumer pantries. Hence, it becomes prudent for packaging manufacturers and packagers alike to develop an Omnichannel packaging strategy with focus on Retail Readiness. Traditionally, retail products carry a higher share of packaging detailing and versatility as compared to the Food Service offerings. However, as consumers expect an omnichannel brand experience, the retail packaging has to evolve functionally and aesthetically to keep up with the expectations. Convenience driven features such as individual packs within larger SKUs, easy dispensability and pourability, repeated freeze thaw durability (for frozen foods) are some of the key avenues of innovation that need to be explored by manufacturers to keep up with the changing demand landscape.

Trendy: While trendspotting has been an inherent part of packaging development, the pace of trend change and trend estimation has increased considerably owing to hyperconnectivity and information access to consumers and food manufacturers alike. Certain trends such as Environmental Consciousness, On the Go and Health and Wellness are constant decision influencers for food industry. Whereas flavour, Glocal tastes and Social Media ready food consumption are trends that keep resurfacing in different avatars. To make the most of these trends, packaging manufacturers need a balanced product portfolio with a distributed focus on long term positioning and short term offering. Agile manufacturing systems need to be integrated into any existing or new packaging setup with dedicated innovation teams constituting a major position in the product development strategy. These innovation teams need to be equipped with the right tool sets and training methods to enable a sustainable innovation pipeline that evolves and diminishes at pace with the needs of the market.

It is evident that Innovation in packaging industry needs to be a crucial component of operation and the need and contribution of such innovation varies at different stages of the value chain. As the needs for packaging keep evolving to become a carrier of information, brand story and product superiority, packaging manufacturers and product manufacturers are also required to have a deeper empathy with end users and consumers to accurately solve the needs and wants thereby increasing the value of the entire value chain.

#KPMGjosh

Follow us on:
home.kpmg/in/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.

© 2021 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

This document is for e-communication only.