

Sustainability in FMCG

**EXECUTIVE
NETWORK
GROUP**

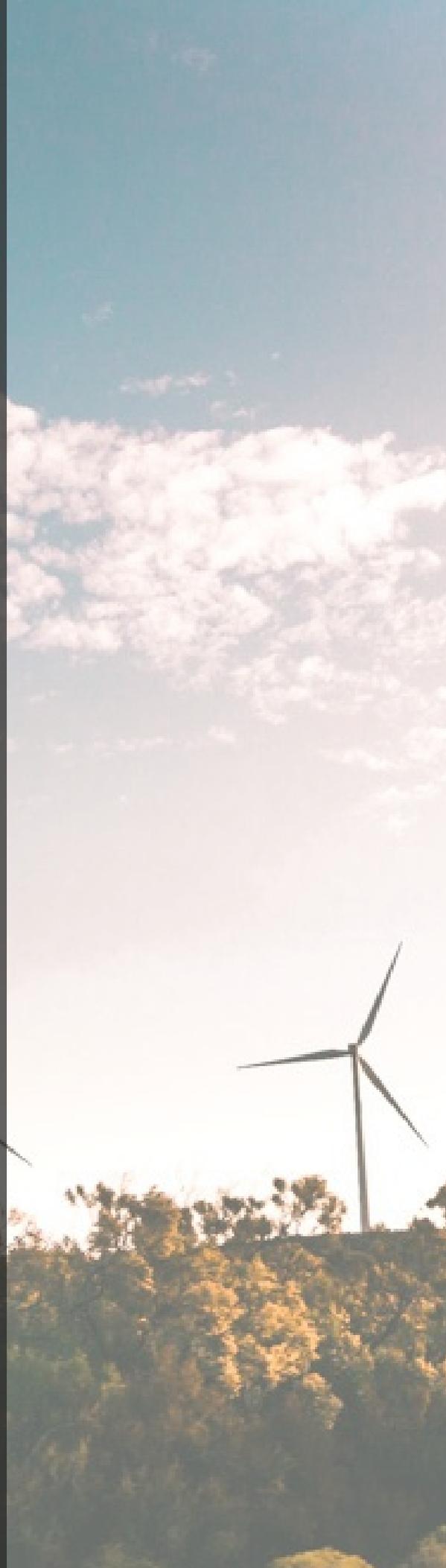


Sustainability goes hand-in-hand with environmentalism but is often mistook for being the same thing. The true meaning of 'sustainable' runs much deeper – it is often defined as ensuring current needs are met whilst ensuring future generations are afforded the same. Of course environmental factors play a key role when considering how to improve sustainability, but it is also imperative to remember the various other aspects that filter into the wider meaning of sustainability.

For businesses in the UK with over 500 employees, it is now a mandatory requirement to report on their sustainability objectives and performance against targets. Many have pledged to achieve net-zero within a certain amount of years.

One of the biggest problems with modern consumerism is the rise of quick, on-demand services, fuelled by businesses like Amazon providing almost any product at the click of a button and on your doorstep within 24 hours. Online shopping has increased exponentially over the past decade, at the end of 2010, 7.3% of all retail sales were via the internet. 11 years later, at the end of 2021, the total percentage was 27.7%. The increase was fairly steady until 2020, rising just 1 or 2% each year, but following the Covid-19 pandemic and the ability to shop in-store depleting, completely for non-essential stores, the increase was around 10%. ([ONS, 2021](#))

Whilst consumers expect a quick turnaround for goods, there is also a rising expectation, particularly with millennials and Gen-Z, that products are created and distributed ethically and as sustainably as possible. It's not always possible to meet all expectations whilst also meeting business goals and ensuring profitability is maintained.

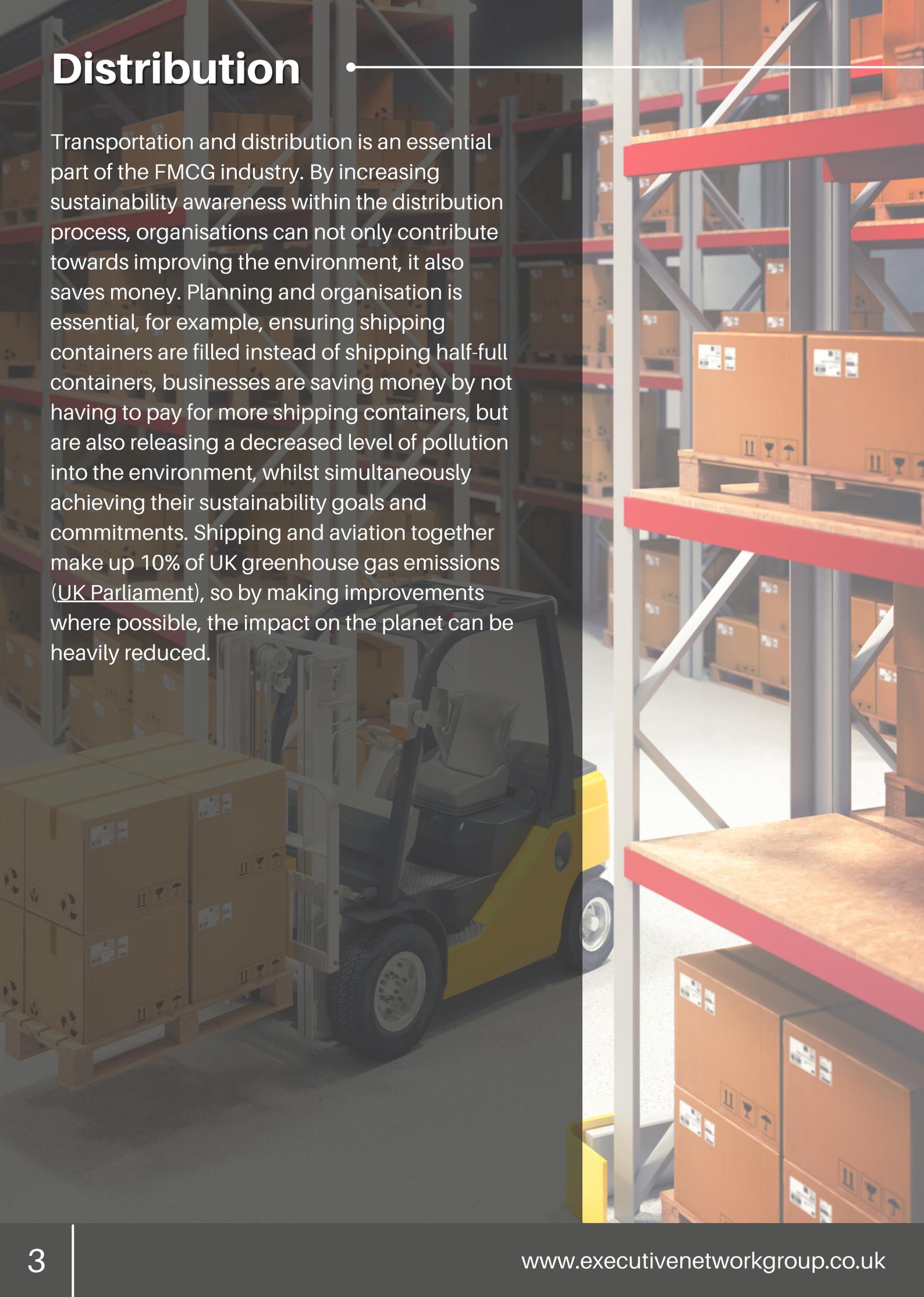


Materials

One of the biggest factors taken into consideration in terms of sustainability is materials, whether they are recycled, recyclable, eco-friendly, biodegradable etc. With consumers becoming increasingly aware of the environmental impact of things such as single-use plastics and other non-biodegradable materials. With the rising awareness of the impact on oceans and marine life that single-use plastics have, with more than 14 million tons of plastic ending up in the ocean every year ([IUCN](#)), consumers are making a conscious effort to switch to biodegradable or more environmentally-friendly materials.

With FMCG businesses being in such a competitive market, sourcing alternative, eco-friendly materials for packaging and reducing unnecessary waste is an important change that many businesses have made in recent years, and continue to do. Consumers are drawn to products that make them feel good, so by ensuring packaging is eco-friendly, organisations ensure they stay 'ahead of the game'.

Distribution



Transportation and distribution is an essential part of the FMCG industry. By increasing sustainability awareness within the distribution process, organisations can not only contribute towards improving the environment, it also saves money. Planning and organisation is essential, for example, ensuring shipping containers are filled instead of shipping half-full containers, businesses are saving money by not having to pay for more shipping containers, but are also releasing a decreased level of pollution into the environment, whilst simultaneously achieving their sustainability goals and commitments. Shipping and aviation together make up 10% of UK greenhouse gas emissions ([UK Parliament](#)), so by making improvements where possible, the impact on the planet can be heavily reduced.

Ethics



Sustainability not only considers physical aspects, but also the human beings that are employed by an organisation. The two go hand-in-hand, with the rise of awareness surrounding sustainability, It's impossible to ignore that part of the reason awareness has, and is increasing, is that humans have a moral commitment to the planet that we inhabit, so much so, that 66% of consumers were willing to pay more for a sustainable brand ([Nielson IQ](#)). By continuing to use single-use plastics and not considering the environmental impact transport and logistics has, it's not a well-kept secret that our planet is dying.

Ethical Consumerism is a type of activism based on "dollar voting" that support organisations that focus on sustainability (and other factors). By boycotting businesses that exploit workforces, test on animals, or have a negative impact on the environment, ethical consumerism has the ability to influence manufacturing processes to hone in on sustainability to have lasting positive influences.

Sustainability is a topic of conversation that is happening in almost every industry, organisations have obligations, legal and moral, to improve their environmental impact. Whilst it's great to be eco-friendly, it is also imperative that businesses are able to remain profitable - but if they're not putting sustainability at the top of their priorities, will business relationships be impacted as organisations place so much focus on how sustainable suppliers are?