



The Future of
Packaging in the
Fashion Industry

Embracing the Sustainability Trend

A new report from Aquapak Polymers Ltd

January 2024



Foreword

We have commissioned leading global market research firm PureProfile to conduct new research¹ with 100 board directors and senior executives of fashion brands and retailers in the UK, US and Australia to help us gain an up to date understanding of their attitudes to sustainability and progress towards a circular economy.

Importantly, we wanted to explore how the industry is planning to use sustainable new packaging materials to replace plastic and the potential threats to businesses if the plastic problem is not tackled.

This report demonstrates that the industry is embracing change and is concerned about the use of plastic for items such as garment bags which are used and discarded in their billions every year. But it is also under pressure from customers, consumers and shareholders to improve its sustainability credentials. The big question is, how long will it take the industry to become fully circular, move to new packaging materials and make conventional plastics a thing of the past?



Mark Lapping
CEO, Aquapak Polymers Ltd

Over
37%

said that reducing the use of plastic (polyethylene) in packaging is a

highly important
part of their
sustainability strategy

Sustainability and the circular economy – room for improvement

Our research shows that sustainability and the ambition to achieve circularity is very much on the boardroom agenda. However, just over half (54%) described their business as a 'sustainability market leader and innovator', 39% said that their business was average and 'following the leaders' and 7% described their business as a laggard and 'playing catchup'.

The findings also show that while 49% said sustainability is regarded as highly important to the success of their business, just 21% described the quality and effectiveness of their sustainability strategy and programme as excellent. Over one third (37%) said that reducing the use of plastic (polyethylene) in packaging is a highly important part of their sustainability strategy, and a further 63% said it was quite important.

In general, achieving circularity is a longer-term goal for the sector. Just 12% expect their business to be fully circular within one to two years, 34% within two to three years and 31% within three to four years. One fifth expect to reach this goal in four to five years.

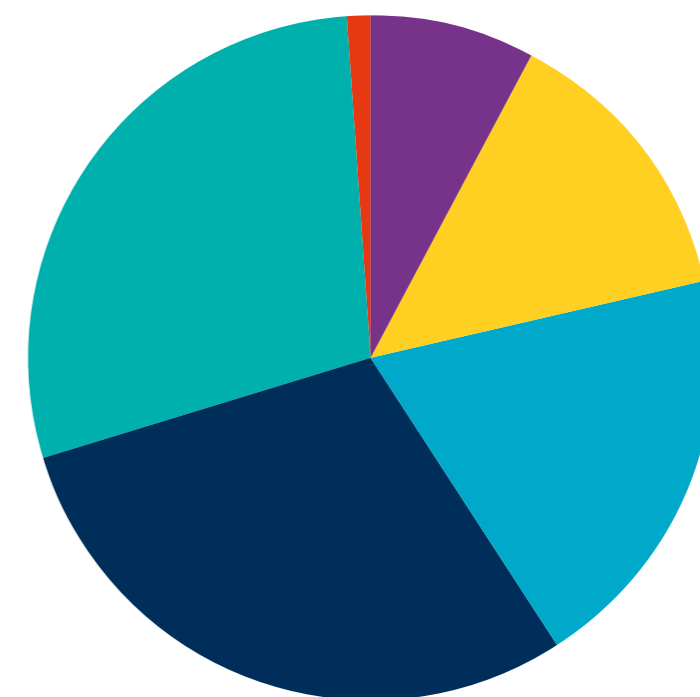
Almost one third (32%) rated their strategy for making their business fully circular as excellent, over half (54%) said it was good and 14% described it as average, suggesting there is room for improvement and that the pace of change could be accelerated.



Committed to harmful plastic reduction

The study shows that there is a commitment at the highest level in the fashion industry to stop using harmful plastic. Brands and retailers are already taking steps to reduce their dependency on plastic packaging. The majority (88%) plan to stop using plastic in packaging altogether. Some 8% are planning to abolish plastic within the next 12 months, 14% within one to two years, 19% within two to three years, 30% within three to four years and 28% within four to five years.

Chart 1: the anticipated time it will take fashion and retail brands to abolish plastic



48%
extremely concerned about their business' use of polybags such as garment bags

Almost half (48%) said that they are extremely concerned about their business' use of polybags such as garment bags (with the majority used for merchandise bought online) and the damage they cause to the environment. According to global innovation platform Fashion for Good, the industry uses around 180 billion polybags every year.

The research also showed that of the steps taken to reduce the amount of plastic packaging used, 77% have folded items differently, 59% have removed unnecessary types of packaging and 46% have changed the packaging type.



Such is the scale of the problem that plastic use ranks third in the top factors impacting the environmental performance of businesses in the sector, with only the energy efficiency of operations and the sourcing of merchandise which uses sustainable materials rated more important.

Chart 2: the most important factors influencing the environmental performance of fashion brands and retailers

Item	Overall	Rank Score	No. of Rankings
Energy efficiency of operations	1	452	100
Sourcing of merchandise which uses sustainable materials	2	402	100
Use of plastic in packaging	3	341	100
Reducing the carbon footprint of logistics	4	316	100
Reducing water waste	5	307	100
Biodiversity	6	282	100

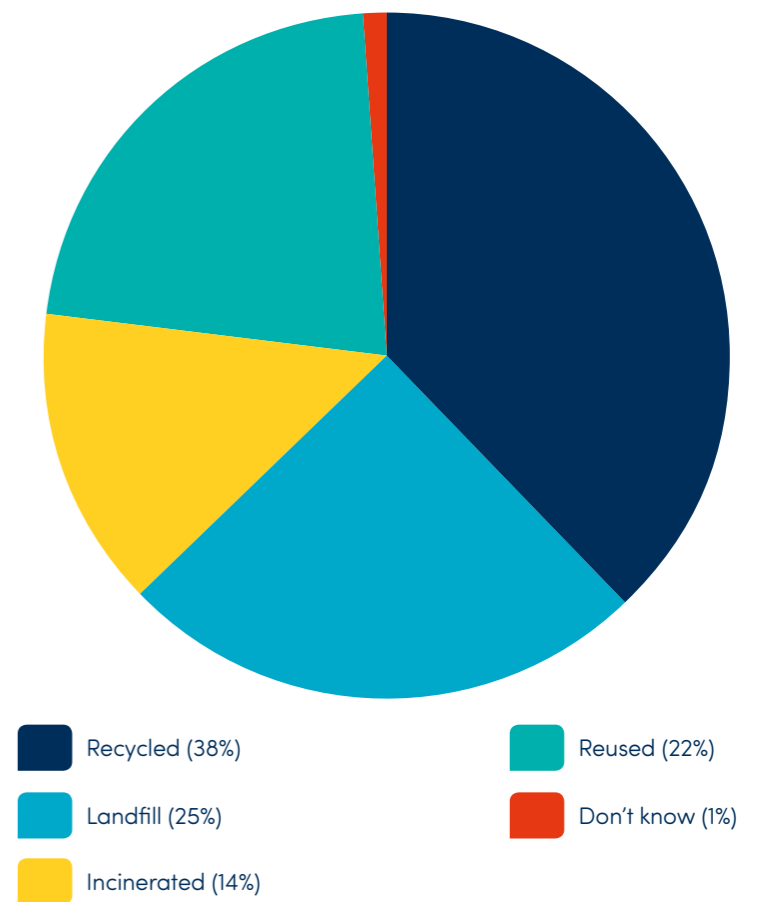


Confusion around disposal of packaging prevails

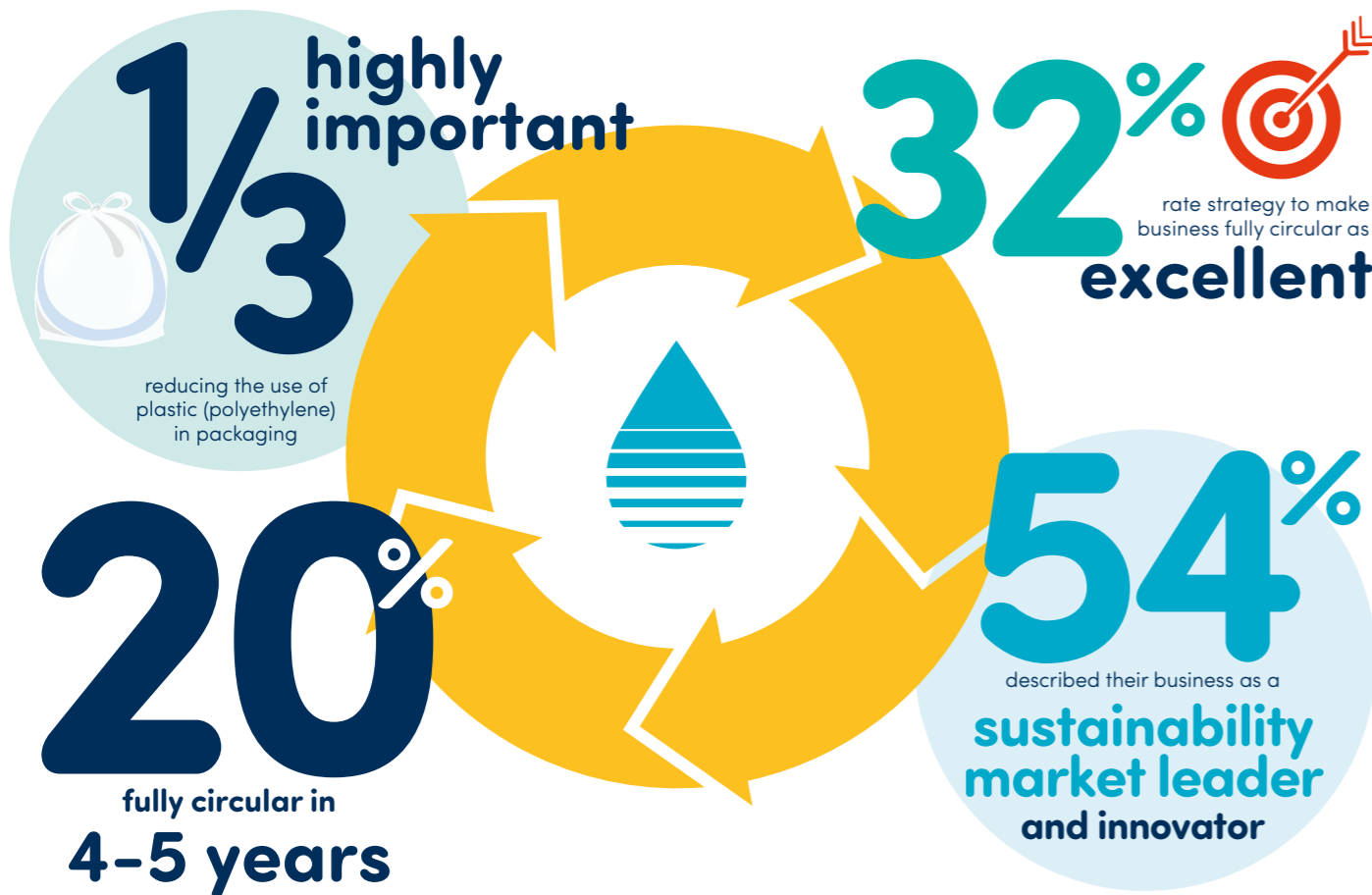
Significant confusion exists around the environmentally safe disposal of different types of packaging used by the fashion industry and the research unearthed some serious misconceptions, alongside the belief that it is primarily the consumer that is responsible for the correct disposal of packaging.

Almost two fifths (38%) said that plastic is recycled after use, 25% said it went to landfill, 22% said it was reused and 14% said incineration. This is in stark contrast to official data² from the World Economic Forum which shows that approximately 36% of all plastic produced is used to create packaging, 85% of which ends up in landfills, highlighting the confusion that exists when it comes to the fate of plastic packaging waste.

Chart 3: how senior executives think plastic is disposed of after use



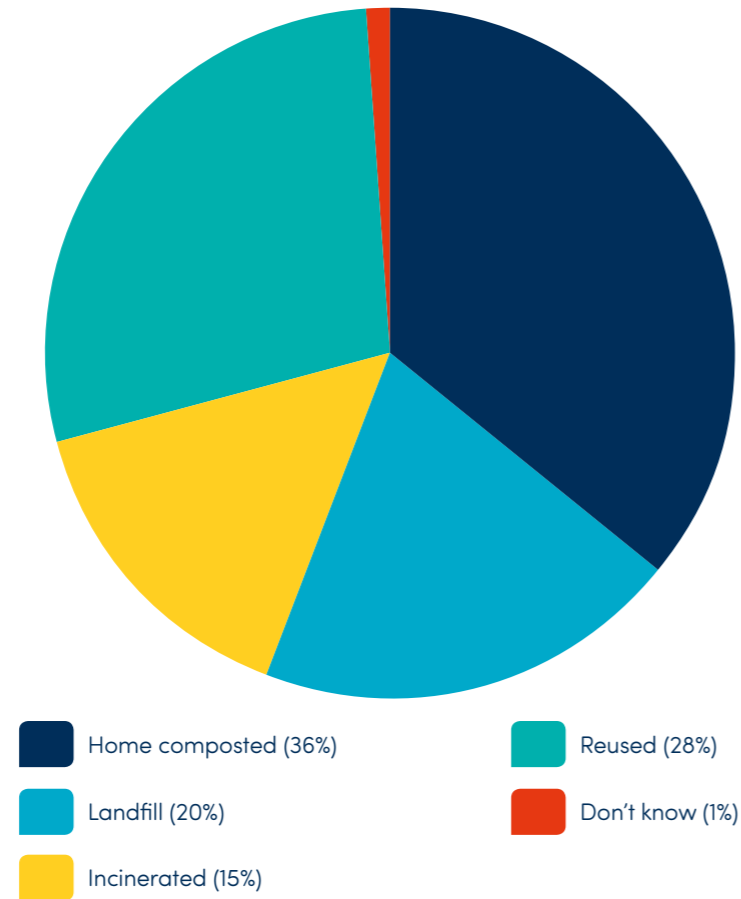
There is still considerable confusion around plastic disposal



The picture is similar when it comes to home compostable packaging, with just 36% saying it was home composted as intended, 28% said it was reused, 20% said that they thought it went to landfill and 15% said it was incinerated. These findings highlight the opacity and complexity of safe disposal in developed waste markets like the UK, US and Australia.



Chart 4: how senior executives think home compostable packaging is disposed of after use



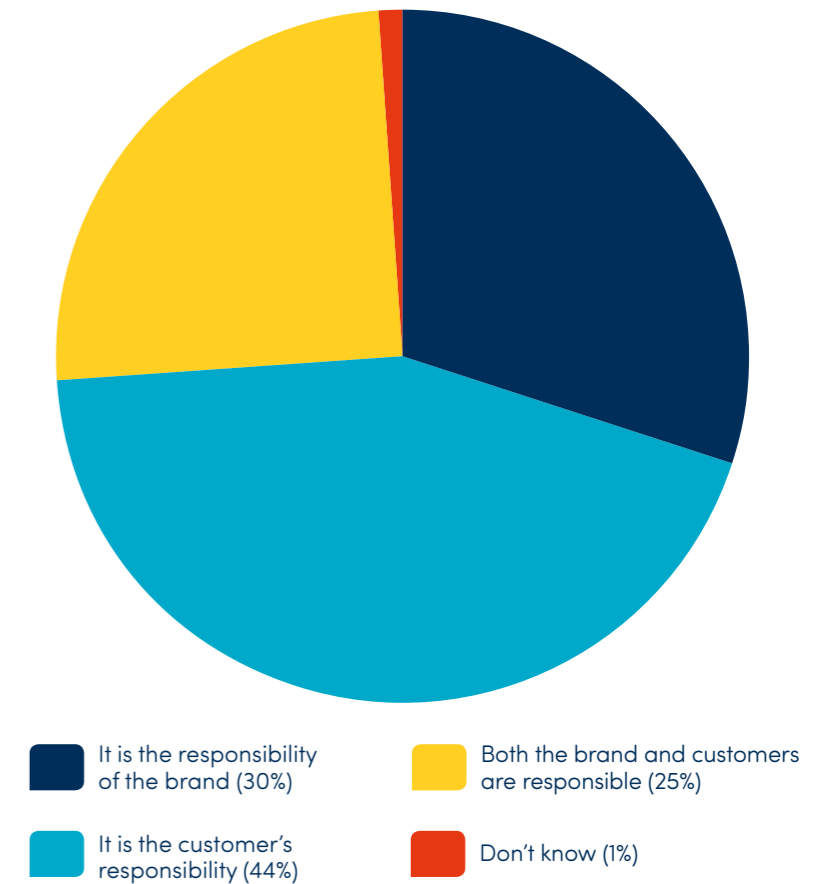
When asked who is responsible for the correct disposal of packaging, 44% said it was their customers' responsibility, 30% said it was the responsibility of the brand and one quarter said it was up to both to ensure that waste packaging is disposed of properly.



How can you dispose of packaging properly if you don't know what the material is?



Chart 5: who senior executives consider to be responsible for the correct disposal of packaging used by their brand



Do consumers really understand enough about packaging materials and disposal?

However, when we asked UK consumers² about packaging and disposal, it became clear that the expectation that consumers are ultimately responsible for disposal is somewhat misguided. Just 14% said that they know what type of material the fashion items they buy are packaged in, two thirds said they sometimes know what packaging type it is and a further 21% said they never know.

So, how can they dispose of packaging properly if they don't know what material it is? Furthermore, over half (53%) said they find the disposal and recycling of different types of packaging confusing, and this confusion has resulted in 59% of respondents recycling less.

The findings also suggest that the industry isn't always helping its customers as much as it should. Just 5% of consumers said there are always clear instructions on the packaging to show how it should be disposed of without damaging the environment, 58% said there are sometimes, 23% said often, and 6% said there are never instructions displayed. Yet again, a confused picture.

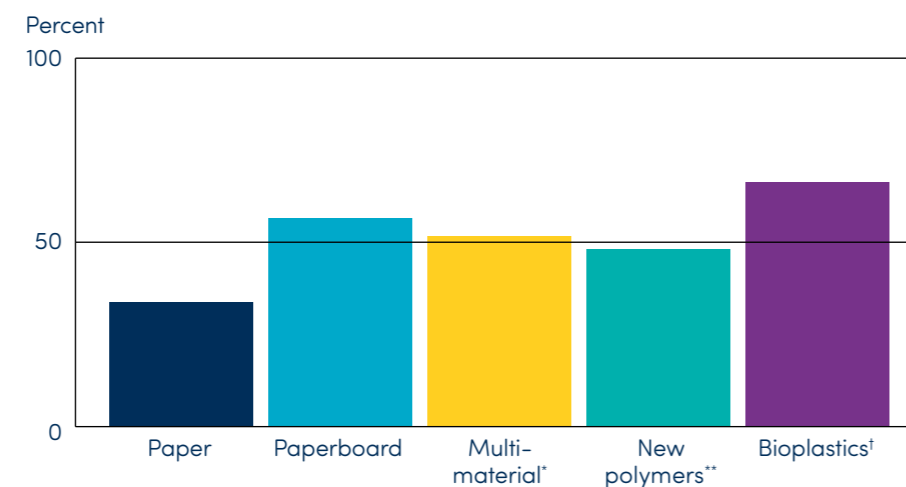


A positive shift to sustainable packaging

Encouragingly, the research shows that most (83%) fashion retailers and brands have already implemented the use of sustainable packaging. When asked how they would rate their company's focus on using sustainable packaging at present, 45% said they only use sustainable materials and 38% said they have started to use them but there's room for improvement. However, 14% said there's little focus in the business on using them, and 3% said they aren't a priority – concerning statistics.

When asked about which sustainable materials they have used to date, two thirds said they had used bioplastics – plastic materials produced from renewable biomass sources such as starch, oils, woodchips and sawdust. Over half (57%) said that they had used paperboard, 52% cited multimaterial combinations such as paper and plastic, and 48% said they were using new polymers which offer the same properties as plastic, but without harming the environment.

Chart 6: the types of sustainable packaging materials already being used



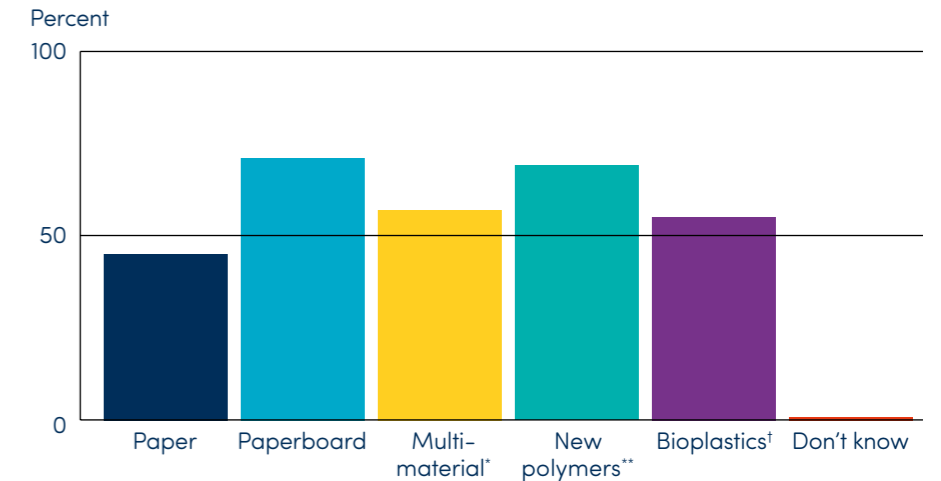
* Combinations of materials such as paper and plastic
 ** New materials with the same properties as plastic, without harming the environment
 † Plastic materials produced from renewable biomass sources, such as vegetable fats and oils, corn starch, straw, woodchips, sawdust, recycled food waste, etc.

When asked how good they think their company's use of sustainable packaging will be in three years' time, just 15% said excellent, 76% said good and 9% thought it would be average. The research showed that paperboard is the material that 71% of fashion brands and retailers are most likely to use instead of plastic over the next three years, followed by new polymers (69%) and then multimaterial solutions (57%).

71% brands & retailers likely to use paper board
 closely followed by new polymers **69%**



Chart 7: the types of sustainable packaging materials likely to be used in the next three years



* Combinations of materials such as paper and plastic
 ** New materials with the same properties as plastic, without harming the environment
 † Plastic materials produced from renewable biomass sources, such as vegetable fats and oils, corn starch, straw, woodchips, sawdust, recycled food waste, etc.

88% of executives said that their business was prepared to spend more to improve the sustainability of its packaging

Packaging and its role in customer retention and growth

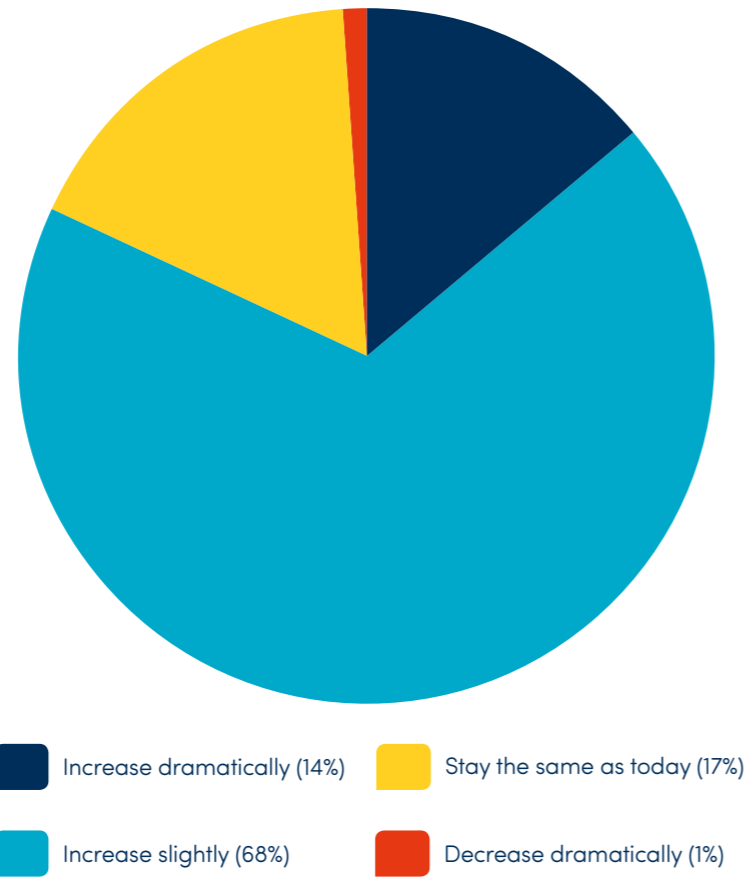
The importance of the fashion industry's focus on using sustainable packaging is crucial to retaining existing customers whilst also attracting new ones. Almost three quarters (72%) of executives have seen increasing pressure from customers to use more sustainable packaging over the past three years. Furthermore, 81% expect this pressure to increase over the next three years, with 19% expecting it to stay the same.

Indeed, research with UK consumers conducted by Aquapak shows that over the next 12 months, 50% will try to buy products that do not use single-use plastic packaging, highlighting the urgency of the issue.

As a result, the majority (88%) of executives said that their business was prepared to spend more to improve the sustainability of its packaging and end of life outcomes. Over the next five years, 14% expect their budget for investing in compostable and recyclable material for packaging to increase dramatically, 68% expect it to increase slightly and 17% expect it to stay the same as today.

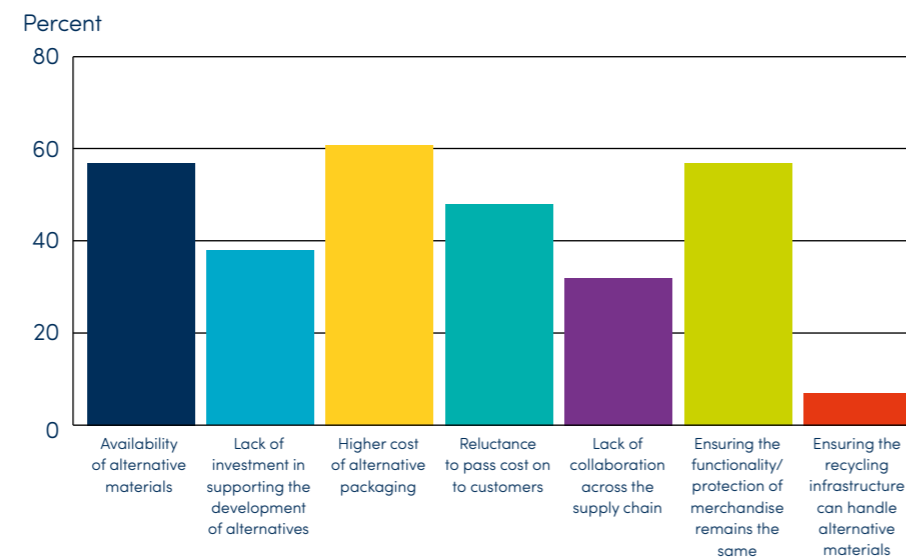


Chart 8: how investment in compostable and recyclable materials will change over the next five years



However, barriers to moving away from plastic packaging do exist, with higher costs, functionality and the availability of alternative materials cited as the three most common concerns.

Chart 9: the main barriers to moving away from plastic packaging to more environmentally friendly options

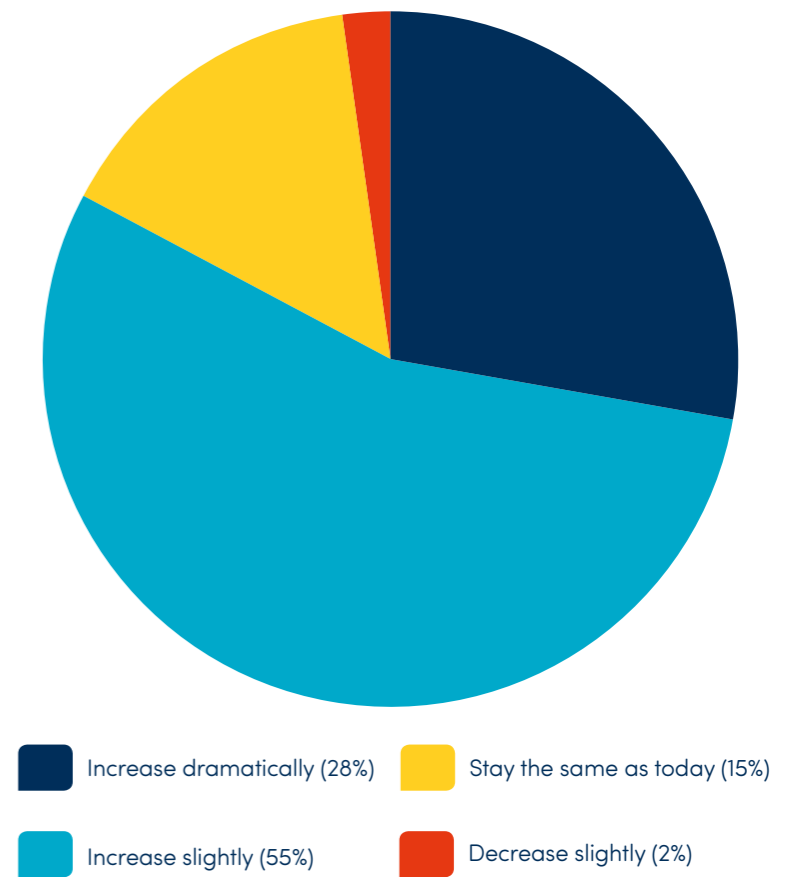


Shareholder pressure and business risks

Pressure from shareholders to use packaging which is more sustainable has also increased over the past three years, according to 74% of respondents, with 15% saying it had stayed the same, and just 11% that said it had decreased.

Furthermore, 28% expect shareholder pressure on the industry to switch to environmentally friendly materials to increase significantly over the next three years and 55% expect it to increase slightly. Just 15% expect it to remain the same and only 2% expect pressure to decrease.

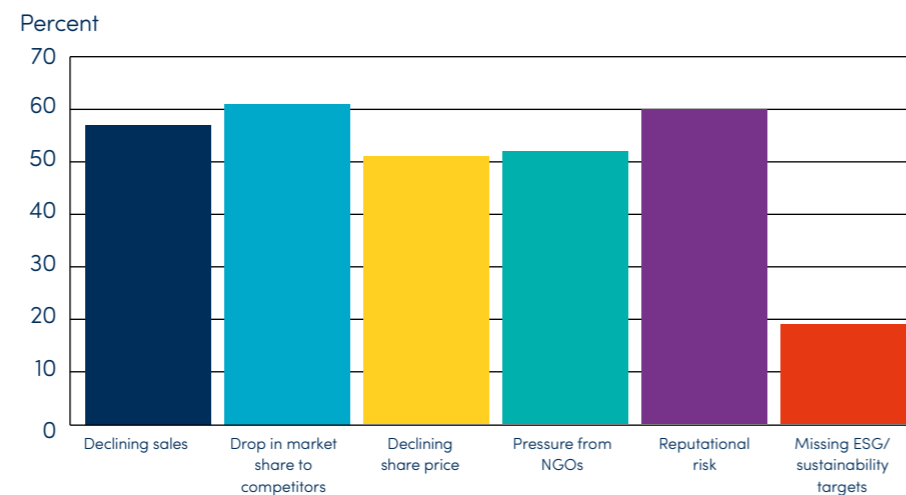
Chart 10: shareholder pressure on retailers and brands to switch to sustainable packaging over the next three years



The impact on their business if the environmental performance of the packaging used is not improved is significant, with executives identifying a drop in market share, reputational risk and declining sales as the three most likely negative outcomes. These are followed by pressure from NGOs, declining share price and missing sustainability targets.



Chart 11: the potential impact on businesses if they do not improve the sustainability of their packaging



To conclude

Our study shows that the circular economy and sustainability are priorities for boards and senior executives in the fashion industry, even though only half think that their business is at the vanguard of change when it comes to innovation and market-leadership.

It also highlights the misconception of plastic disposal versus reality, where recycling rates remain stubbornly low. The confusion over how to dispose of waste packaging is an age-old problem and one which is holding back recycling rates around the world. We must recognise that this is not a problem for consumers to solve. There are packaging innovations which perform the same job as plastic but without the negative environmental impact because they offer a range of end-of-life options, from recycling to composting.

Despite positive inroads, the industry remains under pressure from customers, consumers and shareholders to improve packaging sustainability, and our research shows that this is set to increase over the next three years. The consequences of not embracing environmentally friendly materials will negatively effect the bottom line as a result of losing market share to greener competitors and a serious dent in sales.

The good news is that many brands and retailers are taking positive steps to reduce their dependency on plastic packaging, but the pace of change could be much faster. Our research shows that the industry is actively exploring different types of materials to replace plastic, with a shift to paperboard and new polymers which provide garment and merchandise protection, but do not have any of the environmental problems associated with conventional plastic.

¹ Research conducted by PureProfile with 100 board and senior executives, including CEOs, Retail Directors, Chief Operating Officers, Sustainability Directors and Finance Directors, in the UK, US and Australia in November 2023.

² Research with 1063 UK adults conducted by Consumer Intelligence in November 2023

hydropol™
an aquapak product

Aquapak has developed Hydropol™, a polymer which is soluble and non-toxic to marine life, providing an alternative to conventional plastic because it provides the same functionality but without the associated environmental problems. It is used to make products such as garment bags, offer all the necessary features of traditional polybags: strength and puncture resistance; clarity of film; and protection from leakages and dirt.

Crucially, Hydropol garment bags have zero end-of-life issues as they dissolve immediately in hot water without producing micro-plastics, they are compostable and do not interfere with plastic recycling. They are suitable for aerobic and anaerobic landfill and degrade naturally on land or in ocean.



Marine-Safe



Non Toxic



Anaerobic Digestion



All fashion images created using Midjourney.



Aquapak

Accelerating the transition to the Circular Economy

Aquapak Polymers Ltd,
107 Hollymoor Way, Northfield, Birmingham, B31 5HE, UK

t: +44 (0)121 516 5656

e: info@aquapakpolymers.com

www.aquapakpolymers.com



Global
Commitment