# No Silver Bullet

Why a mix of solutions will achieve circularity in Europe's Informal Eating-Out (IEO) sector

KEARNEY

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KEARNEY

→ Source **100% of our primary guest packaging** from **renewable, recycled or certified materials** by the end of 2025**.**

→ **Drastically reduce plastics in Happy Meal toys** around the globe and transition to more sustainable materials by the end of 2025.

→ By the end of 2025, implement global and local solutions across our business to advance **the reduction, reuse or recycling of guest packaging, and help create demand for recycled materials.**

→ Ensure all primary guest packaging **is free from added fluorinated compounds** by the end of 2025.

# Reusable Legislation in Europe



**France**

Reusable mandate for dine-in consumption from 1 January 2023. Single-use permitted for take-away.

**Germany**

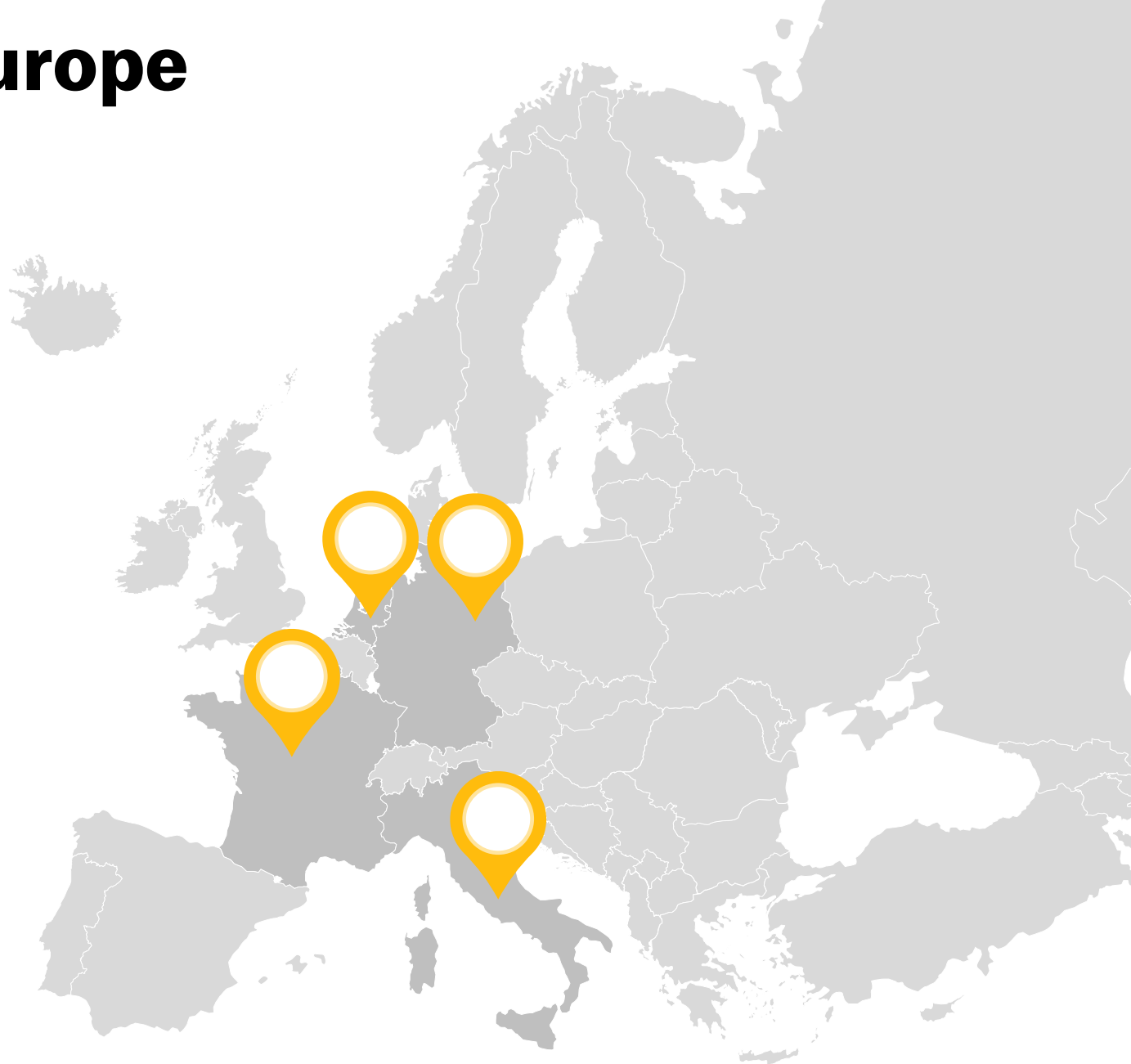Customer option for reusables for certain items across all order channels from 1 January 2023.

**Netherlands**

Reuse for certain items offered for takeaway or customer BYO from 1 July 2023 and reuse for certain items for dine-in from 1 January 2024.

**Italy**

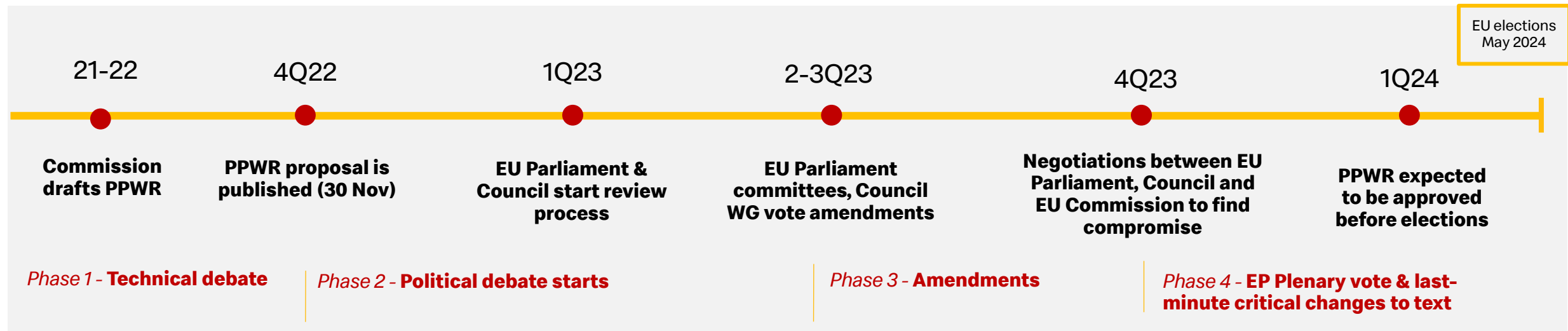Double-down on fibre-based recycling innovations and collaboration.

# Packaging and Packaging Waste Regulation

## Proposed Requirements:

- **Mandatory reusables for dine-in** for cups & food containers from 2030.

- **Ban on single-portion condiment packaging** for dine-in from 2025.

- **Off-premise reuse targets for hot/cold cups**: 20% from 2030 & 80% from 2040.

- **Off-premise reuse targets for food containers:** 10% from 2030 & 40% from 2040.

- All packaging **recyclable** from 2030.

- **Minimum recycled content** for plastic packaging – 35% from 2030 & 65% from 2040.

| 21-22 | 4Q22 | 1Q23 | 2-3Q23 | 4Q23 | 1Q24 | EU elections May 2024 |
|---|---|---|---|---|---|---|
| Commission drafts PPWR | PPWR proposal is published (30 Nov) | EU Parliament & Council start review process | EU Parliament committees, Council WG vote amendments | Negotiations between EU Parliament, Council and EU Commission to find compromise | PPWR expected to be approved before elections | |

*Phase 1 -* **Technical debate**  |  *Phase 2 -* **Political debate starts**  |  *Phase 3 -* **Amendments**  |  *Phase 4 -* **EP Plenary vote & last-minute critical changes to text**

# Informing the debate

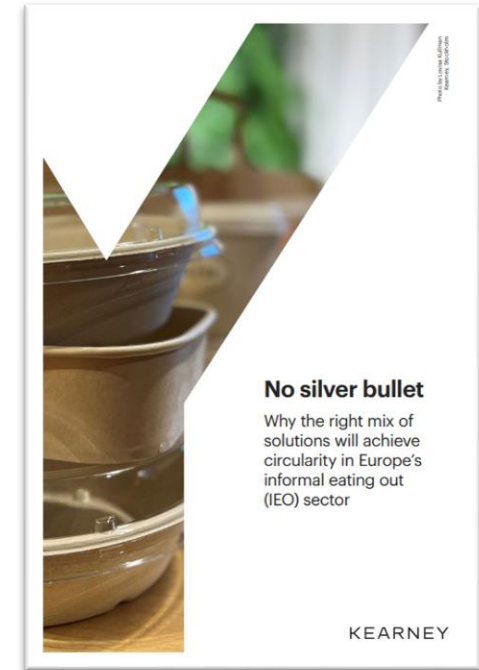**Trade associations**



+ national-level industry associations

**Together for Sustainable Packaging Alliance**



**Kearney 'No Silver Bullet' report**

# No Silver Bullet

**Why a mix of solutions will achieve circularity in Europe's Informal Eating-Out (IEO) sector**

KEARNEY

## We solved for circularity, balancing environmental, economic, and consumer outcomes

Aims to **support the European IEO sector's transition to circularity**

Quantifies impact of different circularity models across **economic, environmental,** and **consumer dimensions**

Focuses on **consumer-facing packaging,** for both **dine-in** and **takeaway** consumption

Based on **public data sources, industry insights, and proprietary data** and **interviews**

Commissioned by McDonald's**, Kearney conducted the study independently** and is **solely responsible** for all analyses and conclusions

**Environmental**

**Economic**

**Consumer**

**The IEO sector plays a unique role in the European economy and has unique characteristics that needs to be taken into account**

## Business

**>2/3** Of IEO sector are **small-to-medium** enterprises

**+2 mn** Approx. # **employees** in the **European IEO sector,** corresponding to **>1% of total European employment**

## Consumer

Consumer expectations: **convenience**, **speed**, **affordability**

**~€4** **Average price** of an IEO meal

## Operational

**~70%** Of revenue is from **takeaway consumption** (and increasing)
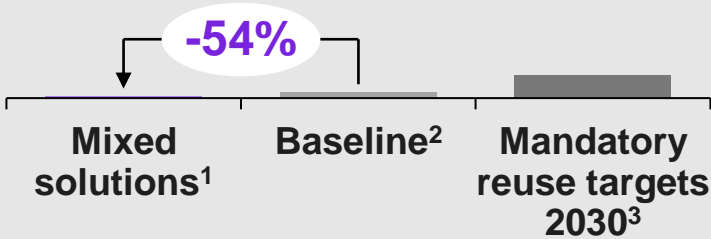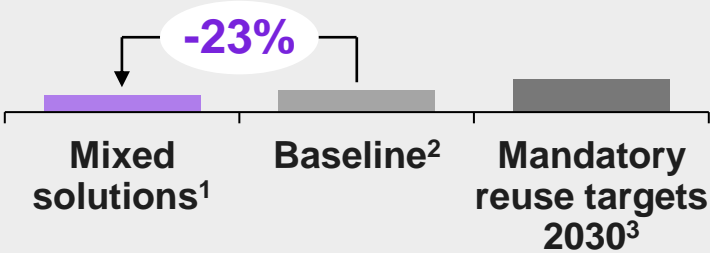
**~1%** **Share of total packaging waste** in Europe

**The best environmental outcomes are instead achieved from a mix of solutions…**

**Dine-in**
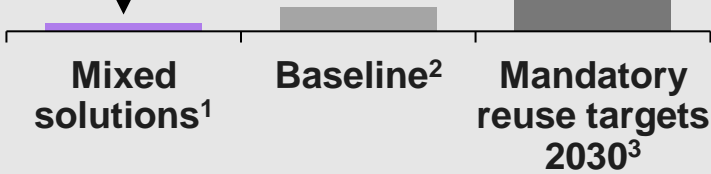
**2030f projected plastic packaging waste**
*(K tons)*

-54%

Mixed solutions[1] | Baseline[2] | Mandatory reuse targets 2030[3]

**2030f total GHG emissions**
*(M tons)*

-23%

Mixed solutions[1] | Baseline[2] | Mandatory reuse targets 2030[3]

**Takeaway**

-65%

Mixed solutions[1] | Baseline[2] | Mandatory reuse targets 2030[3]

-32%

Mixed solutions[1] | Baseline[2] | Mandatory reuse targets 2030[3]
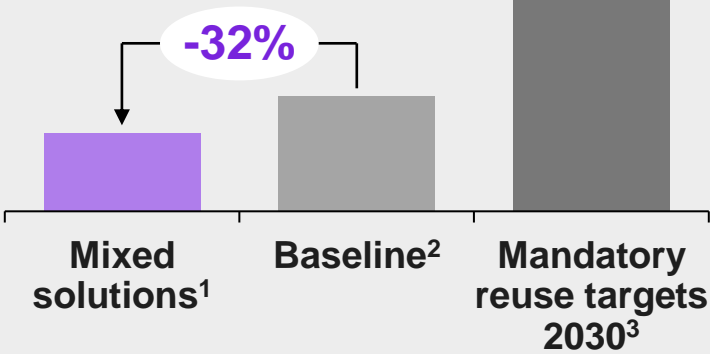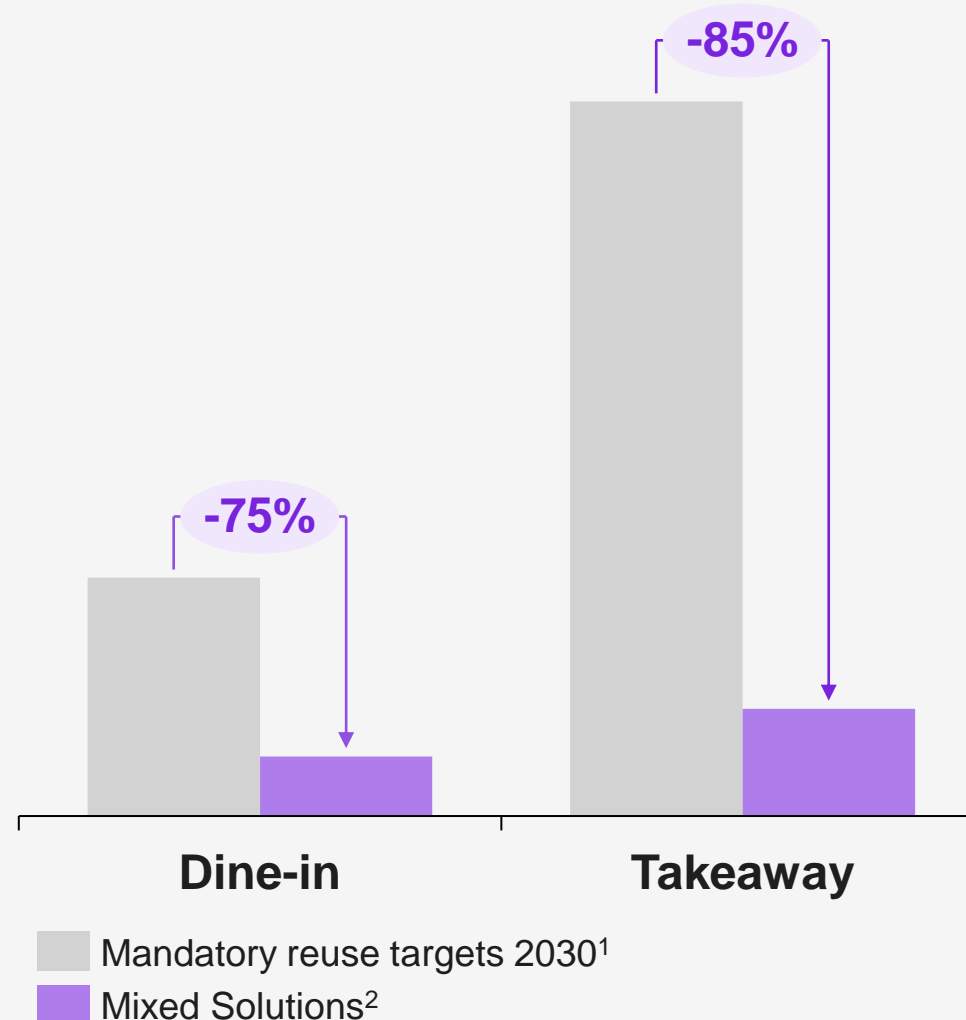
1. Range represents variety of solutions: full recycling, full composting, or mixed (e.g., reuse for cups, composting for napkins/wraps, and improved recycling for rest of the portfolio); 2. The 2030 baseline represents an estimate of total waste in the IEO sector, calculated by extrapolating 2021 waste data and assuming no changes in innovations, resources, or waste management techniques by 2030.; 3. Assumes 100% reuse across full packaging portfolio. Represents mid-point of projection.
Sources: Simapro, EPA, Kearney

## … also, at a significantly lower cost versus single solutions like reuse

### Example:

**Upfront investments required to scale each circularity solution (EUR billion)**



**-75%**

**-85%**

**Dine-in**

**Takeaway**

■ Mandatory reuse targets 2030[1]

■ Mixed Solutions[2]

### 1. Reduce/Replace

– **Innovations in packaging design**

– **Infrastructure requirements to scale composting**

### 2. Reuse

– **Collection, washing/drying, transportation** at scale

– **Plastic packaging availability**

### 3. Recycle

– **Recycling innovation** in collection and sorting techniques

– **Acceptance of recyclable waste** by MRFs

– **Improved recycling rates**

1. Assumes 100% reuse across full packaging portfolio. Represents mid-point of projection.
2. Range represents variety of solutions: full recycling, full composing, or mixed
Sources: Kearney

**A combination of circularity solutions, tailored to consumption formats and trends, is required**

## Dine-in

**All circularity solutions play a role for dine-in:**

**Recycling:** Prioritize scaling innovative solutions and infrastructure

**Composting:** Explore solutions for select packaging materials (food contaminated/low quality)

**Reuse:** Test solutions for select packaging items (environmental and economic case)
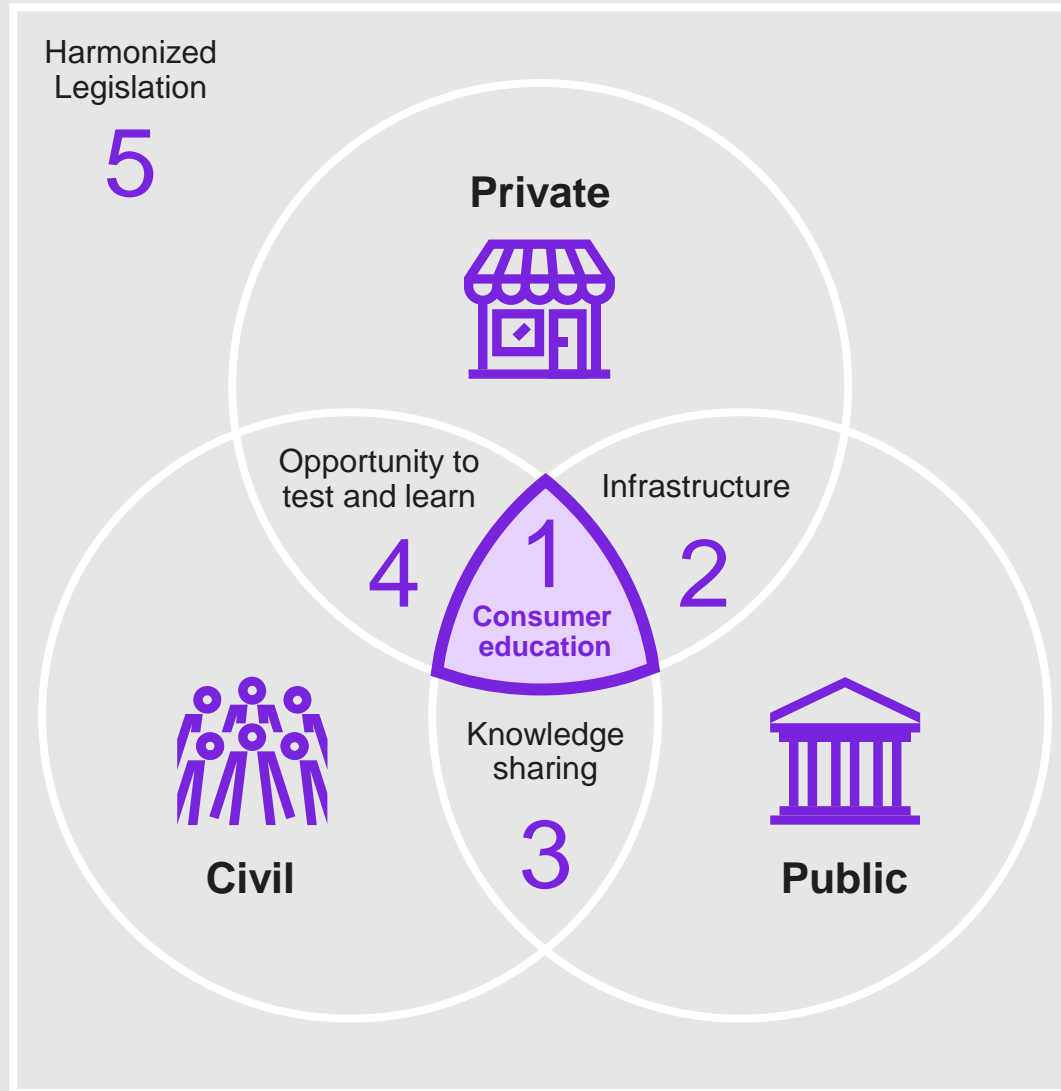
## Takeaway

Scaling **recycling and composting** solutions – **high potential for takeaway:**

**Reuse** should **not be implemented, driven by:**

– **Negative environmental impact**

– **High upfront investment** and **operating costs**

– Negative impact on **consumer experience**

# A multi-stakeholder coalition is required to deliver this combination of circularity solutions

## Coalition Structure



Harmonized Legislation
**5**

Opportunity to test and learn
**4**

Infrastructure
**2**

**1**
**Consumer education**

Knowledge sharing
**3**

**Private**

**Civil**

**Public**

**1** **Consumer Education:**
– Encouraging circular consumer behaviors
– Streamlining systems across sectors
– Science-based narrative

**2** **Infrastructure:**
– Developing circular infrastructure, off-premises, at scale
– Incentivizing circularity through policy

**3** **Knowledge Sharing:**
– Developing a common language for circularity
– Establishing best practices

**4** **Test & Learn:**
– Drive innovations
– Offer testing environments
– Incentivize the right consumer behavior

**5** **Harmonized Legislation:**
– European-level legislation defined prior to member-state legislation
– Harmonization at member-state level (avoidance of fragmentation)

# Thank you

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