# TRENDS REPORT

2023 EDITION

FOODSERVICE PACKAGING INSTITUTE

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# INTRODUCTION

Every year, the Foodservice Packaging Institute (FPI) receives numerous requests from media, analysts, conference organizers and others for information on the latest trends in foodservice packaging. In response to these requests, and to provide additional value to members, FPI has produced the 2023 "Trends Report," now in its 15th year.

FPI sent the survey to members in September 2023 asking for their opinions on trends throughout the foodservice packaging supply chain, namely related to:

- Foodservice packaging.
- Raw materials used to make foodservice packaging.
- Machinery used to convert foodservice packaging.
- Foodservice distribution.
- Foodservice operations.

This report contains two sections, "According to FPI Members" and "According to FPI Staff." The first section compiles member submissions to the survey. Please note that submissions were taken verbatim, with only minor edits. The second section provides the top trends in the foodservice packaging industry. These are based on FPI staff analysis of members' submissions to this recent survey. FPI staff also considered the recent entries in FPI's "Packaging Innovations and Insights" newsletter and other general industry observations.

All comments, reactions and suggestions for future editions are welcome. Please contact Ashley Elzinga, Director, Sustainability and Outreach, at aelzinga@fpi.org.

# SECTION 1: ACCORDING TO FPI MEMBERS

## Question: What trends are you seeing with foodservice packaging?

### According to raw material and machinery suppliers…

- A continued barrage of government mandates that are confusing and unrealistic.
- A lot of discussion on reusables – pros and cons.
- Acceptance of lower performance, such as less oil and grease barrier.
- Biobased is of more interest and prominence.
- Chinese competition.
- Continued movement away from use of any type of PFAS and determining if there are economically viable replacements to poly laminate and extruded structures.
- Continuing move away from plastic and foam. Progress, but no solution to an effective and economic replacement to PE on paper.
- Cost containment: smaller sizes, downgrading to cheaper alternatives.
- Customized take-away packaging.
- Green-washing sustainability/environmental claims by companies.
- Growing molded fiber formats.
- Increased recycled content.
- Interest in compostability.
- Legislation on packaging has a focus on toxicity, EPR.
- Less packaging usage.
- Lower volume.
- More municipalities in North America are following the lead of the EU with a move away from single-use plastic products. This transition with more municipalities will challenge the existing logistics for providers.
- Move towards fiber based.
- Movements away from PS into PET.
- Operators are willing to pay for options that help labor shortages or better labor utilization.
- Package redesign.
- Paper to plastic conversion, with less barrier resistance being acceptable.
- Plant automation.
- Questions about potential of residential access to composting by the industry (doubtful), and Biocycle reporting a 49% increase in access from 2021 to 2023 (confident).
- Requests for eco-friendly products but no real pull through at consumer level.
- Shift back to lower cost options for the moment, with idea to be more sustainable later.

- So much pressure on the entire plastics industry to eliminate all plastics while processors are still receiving information from their suppliers that they don't want changes. Using plastics has gotten so difficult in industry that producers don't seem to want to promote too much even if they are promoting products with recycled materials.
- Some converters and brands are getting ready for possible upcoming laws regarding recyclable and compostable foodservice items. Most of them are using PLA or compostable plastic or paper with compostable film structures. Eliminate PE and other plastics.
- Sustainability is gaining some ground, but cost is still the key player.
- Sustainability; reduce one-time-use plastic packaging.
- Trends away from PS which is a huge mistake as it the best material to process and lowest carbon footprint.

## According to converters…

- A very divergent requirement for different needs. More specialization requests coming in.
- Bans on plastic are impacting manufacturing for sale within Canada & export to US.
- Bans: Continued legislative bans related to single-use packaging.
- Brown packaging.
- Clear packaging to see the product.
- Composters: Push-back on their willingness to accept compostable packaging.
- Consumer trend towards convenient, on-the-go, health-conscious food options.
- Consumers are also looking for packaging that is tamper resistant protecting the contents from contamination along with not leaking or breaking at store-level or during transit to their home.
- Consumers are looking for packaging that has sustainable packaging features - recyclable, the right size, and made from recycled materials.
- Continued focus on plastic replacement including the holy grail of a plastic-free coating.
- Continued sustainability.
- Customer demand has softened with increased interest rates.
- Customers looking to source domestically to avoid supply chain challenges.
- Delivery packages that can keep hot product crispy, not soggy.
- Demand for takeout and delivery packaging remains strong.
- Foam and polystyrene ban enforcements resumed, and increased costs continue to pinch margins.
- Higher costs.
- Imports continue to drive market prices down.
- Imports have improved quality with aggressive price points.
- Inappropriate product labeling, especially for compostables. Packaging often lacks the required disclaimers.
- Increased delivery, take out & to-go.
- Increased dine-in.
- Increased focus on recyclability of product; becoming more of a requirement than a nice to have.

- Increased interest in multi-purpose packaging.
- Inflation has impacted food service operators. We are seeing operators trading down on products to cut costs.
- Influx of foreign products when supply chains loosened up.
- Labeling.
- Local and state legislators continue discussions to eliminate single-use plastic packaging.
- Manufacturers continue to improve on Tamper Evident Tamper Resistant packaging.
- Many distributors are reverting to low-cost imports prioritizing price over quality, environmental concerns.
- Mix of sustainability views between recycling focus and composting focus.
- More and more sustainable packaging.
- More Legislative requirements
- More legislative restrictions in varying degrees.
- Movement toward recycled content and compostability.
- Non-Black Plastic: Increase in black plastic alternative offerings (white, clear, tan).
- Notable increase in imported products being purchased.
- Notable legislation geared toward sustainability.
- Off-premise dining isn't subsiding which means off-premise packaging is still a high concern from brands trying to protect the integrity of their product in transit.
- Operators are setting measurable goals for recycled content.
- Order volume down 20%.
- Packaging for "meal ready" and take-out offerings.
- Paper and Fiber: Rising as preferred solutions to plastic alternative.
- PFAS: Increased awareness and demand for PFAS free packaging.
- Proliferation of "Truth in labeling" laws that vary from state to state.
- Regulatory movement away from PE linings, HIPS resin. Bio-resins (chemically recycled or bio-based) with ISCC+ certification starting to make inroads. Getting out of plastics altogether.
- Shift to more sustainable materials such as FSC or SFI certified materials and requirements both state and federal to eliminate PFAS, phthalates and other forever chemicals from use.
- Shifts from foam/plastic to paper.
- Supermarkets continue pre-packaging traditional full-service items (sliced meats and cheeses) in the deli. Bakery departments have returned some items to self-service but continue individually packaged donuts, muffins, and other baked goods.
- Sustainability continues to be the #1 trend.
- The market wants sustainable packaging. Sustainable packaging has different meanings for operators and consumers. This is causing confusion and irrational choices. All of this is then subject to what the legislators want to ban or implement laws that are not feasible in reality.
- Trends in FSP are moving towards paper as the substitute substrate. Unfortunately, this adds cost which some restaurants are passing directly through to the consumer.

### According to operators and distributors…

- Consumers are concerned about foodservice packaging ending up in landfill.
- Consumers find compostable packaging (of any substrate) most favorable, followed by recyclable packaging (of any substrate).
- Continued pressure to remove conventional plastics of all type in California.
- Contradictory and overly aggressive policy results in uncertainty on how to proceed.
- Eco-friendly packaging for plastic bans, catering program items, enhanced off-prem items for better customer experience, down-sizing packaging sizes to lower menu portions.
- Improved carry out containers both for solid foods and beverages.
- Increased state-level regulation of packaging, which includes foodservice packaging and foodservice ware.
- Over-indexing on compostable packaging as the most sustainable solution.
- Patchwork of regulation requirements continues to expand.
- Pricing are falling.
- Regulation encouraging fiber-based to replace plastic packaging. Regulation to discourage single-use packaging, encourage / mandate reusables.
- Regulation that mandates 'recyclability' or 'compostability' to state-level definitions and meet specified recovery rates by specific dates.
- Regulation that specifies recycled content by specific dates.
- Reusable packaging, PFAS free packaging, compostable packaging.
- Reusables seem to be a new trend in policy…very challenging for QSR sector.
- Reuse requirements for in-house dining.
- Softening of off-premise packaging with more people dining-in.
- Sustainability and Delivery Friendly solutions are top key drivers in packaging innovation.
- Sustainable food service packaging remains strong partially due to cost decreases from Asian factories (lower freight).
- Sustainable/enviro-friendly packaging, tech-enabled.
- Transition away from fiber with intentionally-added PFAS.
- We need to recycle more and compostable packaging that could have been made with recycled content or recyclable material is a self-defeating strategy.

## Question: What trends are you seeing with raw materials used for foodservice packaging?

### According to raw material and machinery suppliers…

- Biobased and compostable: PHA, PLA, exotic sources for new plastics.
- Customers and end users wanting recyclable and environmentally friendly products.
- EPS elimination.

- Evaluation of alternative materials like paper based materials with alternative coatings, i.e. non-PE based coatings, are being introduced and considered, but the movement away from plastic is still very slow in North America.
- Exploration of alternatives to wood fiber.
- Growing interest in certified compostable foodservice paperboard - mostly for industrial compostability, but also some interest in home compost options.
- Growing interest in certified compostable foodservice paperboard, mostly industrial composting but some requests for home composting material as well.
- Hearing about mass balance biopolymers, i.e. bio-PP.
- Higher end LSR concepts (i.e. Gusto) are using sustainable materials to appeal to the higher-income customers.
- International supply/quality is improving.
- Less plastic.
- Lower price concept still utilize cheap foam to keep their costs down.
- Material containing an increasing level of post-consumer / recycled fiber.
- Microplastic concerns.
- More sustainable raw materials so using natural polymers as opposed to synthetic or petroleum-based materials.
- Paper availability has improved.
- Paper replacing plastics.
- PCR usage.
- PFAS-free.
- Pressure to move to PP and PET.
- Pressure to use compostables or paper.
- Raw materials need to be compostable or recyclable.
- Safer alternatives.
- Skepticism abounds: Are the origins sustainable? What is the green-house-gas impact, energy intensity, will the concept be scale-able? Can we trust what we're told?
- Some shift from PS to PP and in limited cases PET.
- State to state differences in requirements are making the solutions more difficult to attain.
- Suppliers are scrambling to present new methods to recycle plastics and are spending millions of dollars to help the industry reach their required goals.
- Sustainable options are eliminated if they cost more.
- There is a desire to have redundant supply chains to ensure continuity oof supply.
- Trends away from PS which is a huge mistake as it the best material to process and lowest carbon footprint.
- Unbleached paper utilization.

## According to converters…

- Alternative coatings - bio-based, plastic-free, compostable or other coatings that contribute to a circular economy.
- Away from foam, towards all other substrates.
- Bio-resins for coatings and plastics.
- Black plastic ban in Canada at the end of 2022 required natural or clear alternative packages to be added in 2023.
- British Columbia, Canada, will ban foam polystyrene, biodegradable plastics, and compostable plastics in December 2023. Also, polyvinyl chloride (PVC) film. Concern remains regarding alternative solutions that can protect and preserve food adequately.
- Continued demand for increased amounts of post-consumer recycled content materials in rigid plastic packages.
- Continued investment in improved sorting equipment at material recovery facilities (MRFs) will increase recyclability as well as lead to increased recycling rates.
- Conversion to PETE and PP due to legislation banning PS continues despite lack of enforcement. Most communities recycle plastics with #1 and #5.
- Cupstock has remained flat.
- End-users of plastic recycled content developing in-house recycling operations to guarantee access to raw materials.
- Experimentation of product materials to find the best performance while meeting regulatory and sustainability expectations.
- Focus on recycled products and composability.
- Folding carton pricing has experienced downward pressure and movement based on RISI.
- Further legislation regarding eliminating plastic including bioresins/bioplastics from use.
- Government regulation mandating minimum recycled content (PCR) in plastic packaging. Governments using other tools (beyond regulation) to influence large retailers towards plastic packaging reductions.
- Governments now beginning to focus on PFAS content in paper packaging.
- Increased large volume collection of #1 PETE and #5 PP will be needed to meet growing demand for PCR content from brands and retailers, especially in food grade applications.
- Intentionally added PFAS fiber products continue despite the lack of BPI and Cedar Grove/CMA compostable certifications.
- Lots of “virtue signaling” even preceding government regulations and/or outright bans.
- Lots of misinformation regarding GHG effects on packaging choice.
- Manufacturers investing in sustainable material supply sources.
- Mono-layer resins and paper/fiber.
- Monthly price increases, less availability.
- More interest in paper and fiber.
- More sustainable materials

- More use of recyclable plastic moving from paper
- Movement away from Polystyrene foam products. More use of paper & PET.
- Movement toward recycled content and compostability.
- Moving from plastic to paper.
- No change.
- Overall supply and lead times are healthier than in the past two or three years.
- PFAS free.
- PFAS replacement chemicals preventing oil and grease resistance in fiber products fall short of the barrier provided by PFAS.
- Raw materials containing recycled content from chemical recycling, recycled plastic pellets or regrind.
- Recycled content, recyclable.
- Shift to recyclable and recycle content. Shifts to alternate materials, in response to legislated restrictions and/or buyer/consumer perceptions.
- Shifting away from plastic.
- Sustainable materials.
- Trending materials: Molded fiber packaging without PFAS, Recycled content, Non-PE paper coatings, Bio-resins other than PLA.
- We are seeing a need for compostable and recycled content for foodservice packaging. Products can no longer have PFAS in them.
- We are the desire to have recycled materials replacing virgin materials especially with PP products. We are also seeing a few wanting annually renewable material resourced. And lastly, we see customers looking for lighter products thus reducing the amount of material used.

### According to operators and distributors…

- Bio-based.
- Bioplastics are still debatable, given their performance limitations, and the scarce composting infrastructure and packaging acceptance.
- Increasing recognition from aggressive policy makers that the functionality of linings and barriers is necessary and that bio-based materials can support that.
- Increasing viability in biopolymers.
- Innovation that supports different post-use disposal pathways.
- Innovations w/ different coatings and materials.
- More food service accounts moving away from pure PLA to paper and fiber products.
- More legislation designed to reduce flexibility of usage and inflict restrictions on disposables which in fact tend to be more sanitary vs reusables.
- Move toward more and more fiber as CA moves to ban all plastics. But this is infeasible without the use of at least compostable barriers.
- Paper based products are favored to lead in a more sustainable future.
- Paper, molded fiber, polypropylene.

- Plastics remain strong, but “compostables” are slowly gaining market share.
- Recyclable.
- Recycled content, PFAS free.
- Styrofoam bans more emphasized than ever.
- Trends are moving from PLA to more innovative materials that can become home compostable and marine-degradable, though still battling likes and being described as modified bio-polymers.
- Unrealistic requests from stakeholders for unlined fiber that won’t work across applications.
- While plastics still have a place for more pre-packaged food products, there is customer skepticism about its end-of-life, despite recycling efforts.

## Question: What trends are you seeing with machinery that converts foodservice packaging?

### According to raw material and machinery suppliers…

- Continued entrepreneurship in design and capabilities.
- Flexibility is preferred over speed.
- Little change.
- Machinery is being developed to handle plastic-replacement alternatives with the EU driving the timetable. North America will follow but is lagging behind several years.
- Manufacturers are not willing to invest in low margin products. As large QSRs have driven down prices, and therefore margins for the manufacturer, the financials do not justify reinvesting as the equipment ages. As a result, capacity comes out of the system and prices need to rise to make the remaining business sustainable.
- More need for machinery to apply surface treatment.
- Nothing innovative, other than WR’s paper-board “punnet” former (replaces styrene baskets for blue berries).
- Nothing that I am aware of.

### According to converters…

- A lot of automation.
- Addition of automation on production lines.
- Automation.
- Film technology: TETR resealable film, puncture resistant film, film seal on molded fiber.
- Higher costs for parts, longer lead times.
- Higher degree of automation.
- Individually wrapped items are important however the wrapping must be sustainable too.
- Labor is still an issue.
- Lead time on domestic equipment continues to be drawn out.
- Lead times for machinery are back to normal.

- Little change over the past couple of years. Lead time for new equipment is better than the last 2 years.
- Longer lead times on manufacturing equipment (Fiber & Plastic) due to expanded demand for alternate substrates in packaging.
- Machinery that will allow for an easy switch from one packaging size to another decreasing the number of packaging lines.
- More flexibility to custom applications.
- Move towards more automation and flexibility to help alleviate labor issues.
- New lines, some in new or remodeled facilities, to expand capacity.
- OEMs that make plastic equipment are struggling due to no new equipment orders.
- Plant closures are moving production to other locations.
- Smaller platforms that are more nimble and versatile.
- The need for smaller platforms to allow for more customized products.
- There is a need for more machinery for molded fiber that works consistently and can make products in reasonable cycle time.
- Towards automation and efficiency to offset labor shortages and inflation.
- Upgrades and replacements of older thermoforming technology to state-of-the-art equipment continue.
- With continued labor constraints, companies are turning to automation to de-nest, close, and label packaging along with moving it through the production line via a conveyor system.

### According to operators and distributors…

- Automation but otherwise no comments to provide.
- Enhanced automation wherever possible, flexibility.
- Improved performance of compostables including things like tighter fitting lids.
- Less people interactions and fewer human contact points during manufacturing.
- Most legacy equipment is a having issues making packaging with more sustainable biopolymers.

## Question: What trends are you seeing within the foodservice distribution community?

### According to raw material and machinery suppliers…

- A lot more packaging usage by weight.
- I haven’t noticed a change other than to continue to offer diverse solutions and a broader range of products.
- Movement toward fiber based.
- Municipalities banning traditional plastic products will increasingly challenge logistics.
- Some seem interested in differentiating themselves from their peers through sustainability.
- Supply returning to normal.

### According to converters…

- A lot of new, often confusing environmental regulations, especially across state lines.

- Away from brokers and towards distributors.
- Bans on single use packaging.
- Consolidation continues.
- Consolidations with large distributors growing larger.
- Customized packaging continues to remain steady.
- Distributors attempting to shore up LT supply. Some moving to China sourcing.
- Distributors looking for PFAS free alternatives.
- E-commerce and online grocery shopping, locally sourced and sustainable products, meal kits, sustainable and eco-friendly packaging, and growing demand for grocery prepared dishes/entrees as a more affordable option when compared with restaurant offerings.
- Everyone fighting over pieces of a smaller pie.
- Expansion of private label product lines.
- For stock or commoditized products, there is a shift to cheaper foreign supply.
- Growth of ecommerce as a source for purchasing disposable packaging.
- Imports are slowly returning.
- Increase in distributor mergers and buying group affiliations.
- Increased costs, less value offered.
- Increasing number of items in sustainable materials.
- Labor shortages, including drivers.
- Long-time wholesale and retail contracts awarded to alternative sources.
- Lots of Asian imports with false sustainability claims.
- More demands, higher costs for shipping
- More just in time, consolidation, carry less inventory.
- Most use of digital tools for communication and project management.
- Requirements to use post-consumer recycled content.
- Restrictions on compostable packaging.
- Safety stock levels are rebalancing.
- Seeking to drive inventories and SKU's down to push their own private label items.
- Shorter lead times, lower inventory.
- The desire for private label packaging and the consolidation of smaller companies into the larger ones.
- They continue to try and capitalize on the growing desire for sustainable products. They know the industry is confused and to a large degree they are confused as well. Many are developing their sustainability product lines to offer the end user/operator community.

### According to operators and distributors…

- Customers are more concerned about what a package is made of.
- Customers are starting to ask more about carbon emissions.
- Data is becoming increasingly important.

- For specific bans in small municipalities with packaging bans, distributors are carrying stock MFR items to help customers.
- Lack of understanding of what to do with CA regulatory environment.
- Larger distributors have gobbled up smaller ones in California markets.
- National companies are becoming more selective in the customers and products they want to provide.
- Pressure for distributors to support restaurants in navigating bans and regulations.
- Reusables!!!
- Shortages in supply of compostable items.

## Question: What trends are you seeing within the foodservice operator community?

### According to raw material and machinery suppliers…

- Convenience top of mind, including drive-thru only formats.
- Food rescue first, then divert the inedible scraps from landfill.
- Increased interest & experimentation with automation to increase efficiency and mitigate risks around labor shortages.
- Increases in already high fraction of business as take-out meals.
- Innovation geared and finding solutions for green demands.
- Labor continues to be an issue.
- Labor shortage.
- Lack of employees is inducing investment on automation and more drive-thru.
- More focus on breakfast as a QSR trip-driver.
- Need for efficiency improvements.

### According to converters…

- A lot of new, often confusing environmental regulations, especially across state lines.
- An emphasis on sustainability, more technology, better-for-you offerings, and global cuisine.
- An increase in drive-thru lanes, touch-screen ordering, and app advance orders continues to change the look of QSR locations.
- Bans on single use packaging.
- Changes to drive-thru models: more lanes and on-line ordering to increase speed, dedicated lanes for mobile order pickup.
- Closures of individual store locations or many stores in a specific region as operators cannot staff or operate profitably.
- Consolidation of cup substrates used at operators.
- Consumers are going to continue to order delivery or carryout instead of going to dine in. Those numbers will vary by restaurant, but more money will be spent on the comfort of eating at home over the experience of dining in. This underscores the need for packaging that’s up to the challenge of delivering your food well.

- Continued focus on dedicated pick-up areas, particularly for 3rd party delivery drivers.
- Continued labor shortages.
- Continued legal complexities with materials and products that can be used.
- Cost cutting initiatives to combat inflation and labor costs.
- Cost savings opportunities.
- Differentiated product solutions that sets them apart.
- Dual sourcing for more than one supply source.
- Focus on reducing costs to manage inflation.
- Food prices, labor costs, and almost every other expense continue to increase for the second year.
- Grocery chain bankruptcies and all-store closures.
- Higher costs/inflation with food and labor. Noticeably higher menu prices to offset costs.
- Hotels use Ghost Kitchens for room service and takeout packaging rather than china and silverware.
- Increase in technology to automate make checkout.
- Increase use of film seal as a lidding solution (replacing separate thermoformed lids).
- Increased digital ordering, labor constraints, inflation costs.
- Interest in reusable options.
- Introduction to healthier options with shorter shelf life.
- Labor is still a major issue.
- Labor shortages remain the top concern during low unemployment levels.
- Labor shortages: Operators hiring gig workers to fill gap.
- Lots of "virtue signaling" placing requirements on supply chain for recycled content and PFAS free containers.
- Major supermarket chain mergers and acquisitions completed with more pending.
- More varied menus to include natural and plant-based ingredients.
- Most are watching inventories closely.
- Movement toward Pacts to set sustainability goals (e.g. Plastics Pact).
- New formats – drive-thru only, smaller footprints, etc.
- No answer for this one as that is much further down the supply chain.
- Off premise dining.
- Operators are forced to pass on the increases to the consumer with menu increases.
- Operators are looking for ways to bring down their costs so we are seeing them re-evaluating their suppliers and costs.
- Order through apps for speed of service and to reduce labor requirements.
- Quick service restaurants offering more value meals.
- Requirements to use post-consumer recycled content.
- Restrictions on compostable packaging.
- Shoplifting and retail theft are rising as store security is cut back due to a lack of staffing and costs.
- SKU consolidations, more attention to racking systems, cubes, supply chain details.
- Smaller dining rooms due to increased DT and take out.

- Staffing shortages and retention.
- Store hours are still reduced in many locations due to a lack of labor.
- Supply contingency is still a topic.
- The addition of AI responses for the drive-thru customer to cope with staff shortages.
- They want to be compliant with the local laws as well as having packaging that is not going to break their bank accounts. They are very confused about what sustainability means.
- We see a disconnect between the franchise and the operators in terms of cost of packaging that they are willing to pay.

### According to operators and distributors…

- 3rd party delivery, mobile order, drive-thru continue to lay a major role in sales.
- Coffee cafes continue to have strong sales but more food being offered.
- Desire to support recyclability messaging, but hampered by low access rates for foodservice packaging.
- Environmental packaging is very expensive for franchisees to purchase to comply with local regulations and it doesn't seem to help very much since the sorting and collection of it is usually on the customer or the waste hauler.
- Everyone is pushed by labor & supply cost.
- Increasingly challenged by growing complexity and burden of compliance with non-harmonized regulatory map to support single-use packaging.
- Interested in changes in legislation and the impact on their supply chain.
- Lack of understanding of what to do with CA regulatory environment.
- More poorly trained staff, less friendly staff and less attention to sanitation.
- Ongoing and increased focus on costs for inflationary reasons, labor concerns. Concerns over increased legislation threatening their business.
- Operators are more desperate for solutions that meet regulations/bans since they don't understand the path to compliance.
- Reusables!!!
- Struggle to understand and comply with local legislation, rising costs of sustainable packaging only suitable to limited markets (lacking economies of scale).

## Question: Any other trends you are seeing that you'd like to mention?

### According to raw material and machinery suppliers…

- A continued use of nonscientific information to make decisions about resins used in food packaging.
- Cautious but "resilient" consumer behavior, with shoppers managing their spend by buying less items per transaction.
- Consumers aware and confused by greenwashing.
- Move towards higher oil hold out standards in fiber-based packaging.

- Organics diversion mandates are driving the conversation.
- Products that are recyclable seem to be more important than compostable at this time especially curb-side recyclable.
- Retail focus on private label & value brands.
- Small food vendors continue to use the most cost-effective product while the big names are shying away from any material that is considered problematic, though LCA's present much data otherwise.
- The drive to eliminate plastics in all packaging is getting louder despite its much better carbon footprint.
- The industry has settled down significantly which, at this time, seems to be related to the economy and a reduction in consumer spending.
- The initial solutions to replace plastic products may be rushed to market and not provide the most optimal for the consumer experience, but solutions are being developed in a rushed form to meet legislative schedules.
- There is still a focus on cost over sustainability. If a sustainable product costs more - even a small amount more - then folks decline. Need to encourage folks to start small with SOMETHING in the market, even if it costs more in the beginning, because as volume builds costs come down.
- Trends away from PS which is a huge mistake as it the best material to process and lowest carbon footprint.
- We see trends that providers are using packaging that they think is greener, but in reality, it isn't and they try to make the customer feel good about themselves when in fact the package is not as serviceable and is no more sustainable or recyclable than the original.

### According to converters…

- Brands are looking to their supply chain partners to help decipher all the nuances of legislative bans which are becoming increasingly complicated both in the US and Canada.
- Consumers report takeout is convenient and more enjoyable to eat at home in comfortable clothes while watching TV.
- Continued popularity of cold drinks vs hot drinks.
- ENGOs are lobbying governments for further regulations & bans on all plastics.
- Increase in purchases of pre-made meals from the supermarket for busy families.
- Inflation impacting leisure spending, including reduction in eating out.
- Labor shortages and increased costs are expected to remain key elements in food service for years to come.
- Movement away from plastic packaging to less environmentally friendly options is growing.
- Our industry must go beyond our industry and partner up with the waste haulers to try and develop solutions so our packaging can be collected, sorted, and repurposed. This process must make economic sense if we are going to receive the support of waste haulers. Without the support of the waste haulers we will not be able to meet the needs of the market place.
- Regulatory impacts are beginning to drive sustainable solutions and associated premiums.
- Return to office growing, but not near pre-COVID; many companies have hybrid work schedules.

- Some fast food prices are less expensive than buying the items at the grocery store.
- The elimination of single use plastics and bio resins in the EU and England. Will this transcend to the US?
- The foam bans have helped give imports a chance in the market.

## According to operators and distributors…

- Bag fees and disposable cup fees that are very hard to execute at the QSR level in a way that makes sense for the company, employees, and customers.
- Continued fragmentation in 1) the legislative landscape 2) compostable certification requirements 3) recycling acceptance of foodservice packaging. This all is 1) driving complexity in the supply chain, 2) rising operational costs to operators and 3) fragmenting innovation resources to pursue what's next.
- I see more freight companies having damaged products when shipped ILTL.
- Very few operators seem to be concurrently #1) improving the skills of their staff along with #2) new menu options and #3) improved service. The operators that seem to be doing this best are a few attentive independents and among mid to larger chains.
- We need to come together to do more to advance paper and plastic end markets processing capabilities.

# SECTION 2: ACCORDING TO FPI STAFF

Over the course of this year, the industry experienced a noticeable slowdown. The stagnation of orders and slower purchasing up and down the supply chain was a recurring theme. Mass hesitation was felt from material suppliers down to foodservice operators all waiting for official word of "were we or weren't we" heading into a recession. For those around during the last major financial crisis, the ghosts of inventory-heavy, cash-poor days are hard to shake. Coupled with feeling the almost continuous pain of both inflation and labor shortages, our industry hunkered down to wait out the worst.

With that, bright spots do exist. Respondents reported international shipping costs have gone down allowing for easier import and export experiences. Timelines for equipment overall have eased (although they remain quite lengthy for in-demand machinery). And as the marketplace continues to shift post-COVID, there are also reported increases in the purchase of foodservice packaging from the e-commerce space.

Since we've opened the door to post-COVID trends, operators post-pandemic have expressed shifts in several areas. With inflationary pressures, consumers have been hard hit in the wallet and are looking for the best bang for their buck. This has led to a rise in meal deals with a nostalgic twist, delivering consumers back to better days, even if the price tag on the meal isn't what it once was.

There is rebound demand for operators that cater or service office environments, but reports show that full time in-office attendance is still far below 2019 levels. With so much of the workforce in a flexible or hybrid state, dayparts have also become fluid, serving consumers meals or snacks when and where they want them.

As service fees become a larger burden for the financially strapped consumer, there has been a shift away from delivery toward takeout. Consumers still want the ability to eat whatever, whenever and wherever, and picking up a meal to-go mostly meets those needs. So much so that operators are shifting to smaller format, smaller footprint locations with an emphasis in part or entirely on drive-thru, to-go and delivery.

Policy continues once again to be top of mind for the industry, with Extended Producer Responsibility (EPR) discussions taking a repeat center stage. Legislation and, more specifically, EPR was the number one topic brought up in our survey, with good reason. We are also seeing foodservice packaging mandates and prohibitions, source reduction requirements and labeling requirements as well as post-consumer recycled content proposals and laws, either as individual topics or part of EPR programs. And, while no new EPR for packaging programs passed in 2023, proposed policy aimed specifically at foodservice packaging was abundant this year and environmental regulation shows no sign of slowing.

As policy and recovery move hand in hand, respondents reported that sustainable options are still in demand from operators, even with the price increase due to economic factors. Reusable packaging is a focus for some, and operator respondents say that they are “taking a second look” at the end-of-life pathway for packaging as each method of recovery (recycling or composting) has its unique challenges and opportunities.

As 2023 wraps up, it feels as if the challenges of the year have been hard felt. Hurdles like we have seen over these months are not easily overcome and will likely linger into next year. As they do, more room for innovation and resourceful solutions may come about. Even in trying times, there is still optimism for growth and opportunity.