

The Impact of Coronavirus on Packaging

June 2020

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Key findings

Packaging and COVID-19

ECONOMIC OUTLOOK

Global economy will contract sharply in 2020

The COVID-19 pandemic impacts both supply and demand

In our baseline view, the pandemic peaks in June 2020

Three scenarios examine the impact of a more severe outbreak

Our view in short

Forecast real GDP growth in 2020 under different scenarios

Fiscal stimulus a challenge with restrictions on expenditure

How are governments trying to mitigate the downturn?

What could alleviate the economic effects of the pandemic?

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Packaging's primary role in focus: The safe supply of grocery essentials

Further nuances of short-term view of COVID-19 on packaging supply

COVID-19 impact at a glance (1)

COVID-19 impact at a glance (2)

COVID-19 impact at a glance (3)

Packaging impact varies by industry; food essentials favour flexibles

Routes to disruption

Packaging provides constancy and safety amid economic uncertainty

Supply: packaging largely resilient in meeting spikes in brand demand

Some hurdles: need to clarify "essential" role; ethanol for inks; recycling

Channel: infrequent shopping and distancing supports e-commerce

The 5-step consumer progression of COVID-19 for packaging

Pandemic-altering behaviour sees grocery packaging rise, plastic too

Food packaging: rise of pantry-friendly pack staples

Food gets bigger and foodservice helps fill empty supermarket shelves

Alcohol on-trade loss weighs heavy on glass and kegs but all is not lost

Surge in impulse soft drinks stalls; the large multi-serve returns?

Multipacks, another bulk-buy solution for the planned shop

Discretionary difficulties for beauty; hygiene gives home care a boost

COVID-19 seclusion sees rise of the delivery box and return of the milkman

Tourism and event embargoes bring beverage, beauty and snack losses

2008 crisis thinking vs COVID-19: some category and pack parallels

2008 crisis thinking: packaging largely resilient in adapting to brand need

CORPORATE RESPONSE

Packaging industry shows resilience in essential supply to brands

It is safety over sustainability, short-term, but sustainability to prevail

Packagers repurpose production for PPE and sanitisers

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Outlook for packaging under COVID-19

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