MACRO & CONSUMER TRENDS 2025

Understanding the macro trends in this interconnected and complex world helps us ultimately understand how packaging is, can and will be redefined for the future.

A world driven by materials, emissions & waste

Although consumers live in an increasingly digital world, everything we consume relies heavily on materials and energy; from internet cables to raw ingredients and packaging materials. We already see a huge shift towards governments and organisations focussing on the supply chain. We see companies setting scope 3 targets. The most significant piece of packaging legislation ever, PPWR, has been introduced in Europe with EUDR and product passports on the way. **Carbon, waste and traceability tackled together. Are your strategies holistic on all three?**

8
global supply chains account for more than 50% of global emissions

Net Zero

186.5kg
of packaging waste per person in the EU

EU Green Deal

PPWR

15%
of companies with Scope 3 targets to reduce supply chain emissions

Sources: Accenture, Eurostat 2022, Plastic Recyclers Europe, Carbon Disclosure Report 2024

Almost everything we consume has to be packaged and transported at least once, if not multiple times during its lifecycle

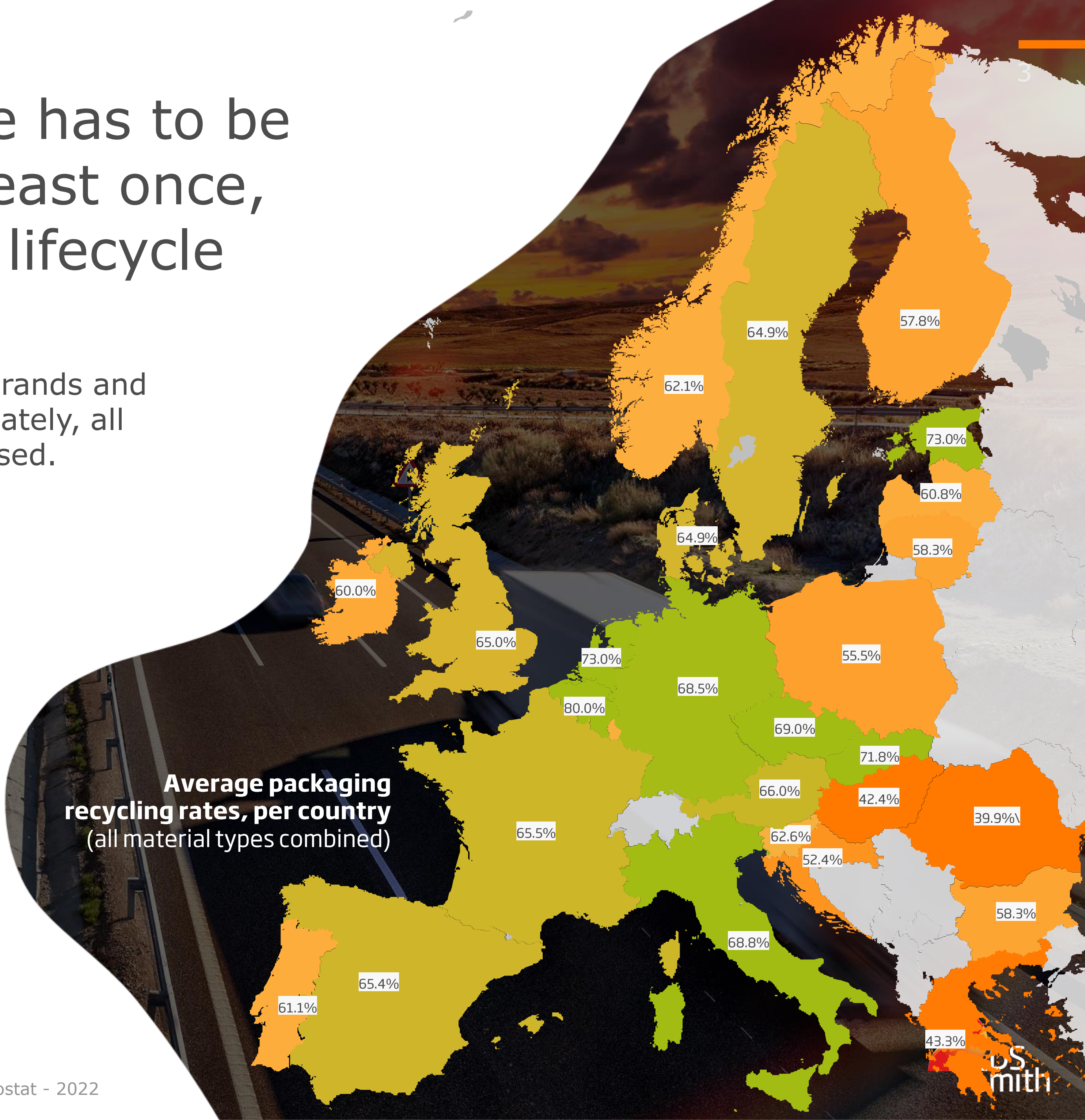
The nature of global product supply chains of different brands and retailers determine what packaging is needed. But ultimately, all packaging eventually reaches an end of life and is disposed.

According to the European commission…

186.5kg
of packaging waste created, per person in the EU in 2022

19% increase

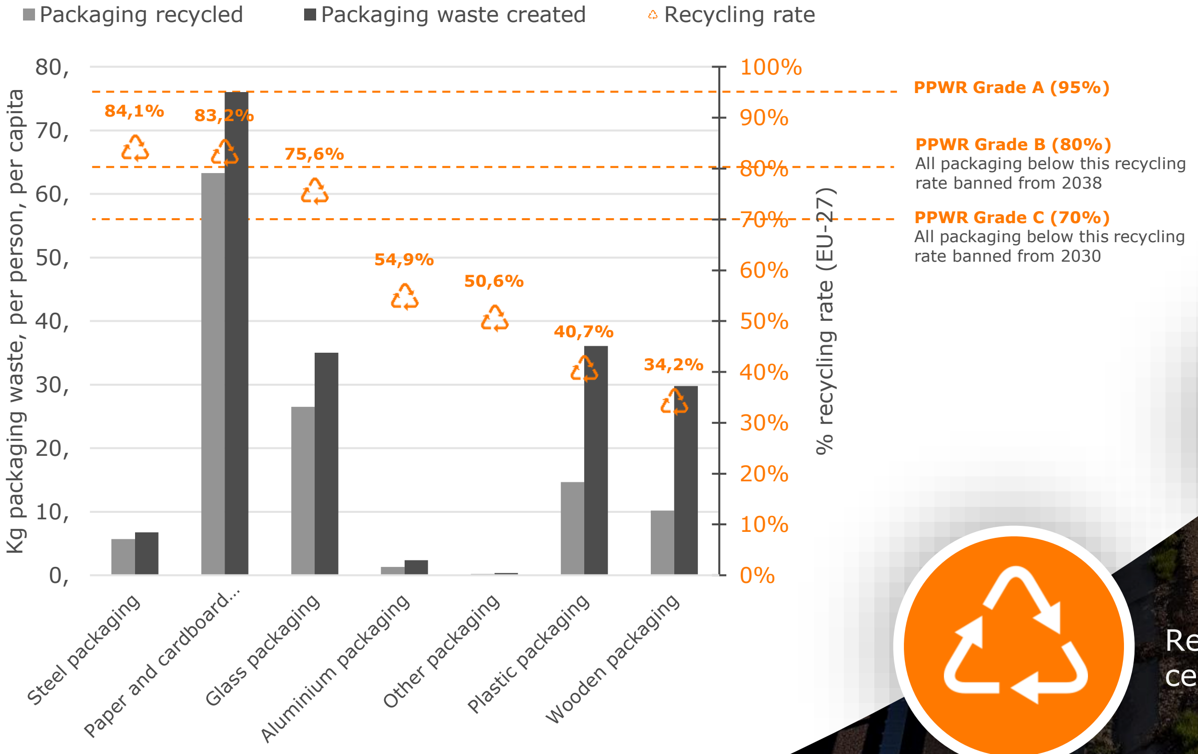
221.9kg
of packaging waste created, per person, per year in the EU expected by 2030



 Source: Most recent available data from Eurostat - 2022

We are in the era of accountability

We see a huge shift towards governments and organisations focussing on the supply chain. From companies setting Scope 3 targets, 100% reusable and recyclable packaging targets, to new laws, targets, fees and taxes. The most significant of these, is the EU Packaging and Packaging Waste Regulation (2025).



Sources: Accenture, Eurostat, Plastic Recyclers Europe

Bans on certain plastic packaging by 2030

Mandatory minimum recycled content for various plastic types, by 2030

New, EU-wide definition of what is recyclable and new labelling measures

Packaging minimisation and 50% empty space ratio targets for grouped, transport and e-commerce packaging

Recycling and re-use targets for certain packaging types by 2030

DS Smith

Digitalisation, AI & robotics in all sectors

AI, word of the year in 2023 and dominating a lot of conversation in 2024, is not a new trend, or one that exists alone. As aging populations and increasing labour costs across Europe drive a labour deficit; businesses are turning to AI, digital modelling, traceability and robotics. From the automated distribution hubs of e-commerce and e-grocery brands, and warehouse picking and packing robots, to simpler solutions like semi-automated jigs, exoskeletons to help with repetitive tasks and more. Packaging of the future will need to fit within these systems, and innovation will undoubtedly need to come in partnership with machines.

Improving productivity by reducing reliance on people is a trend we will see impact all industries in a multitude of ways. Are you ready?

AI

Robotics

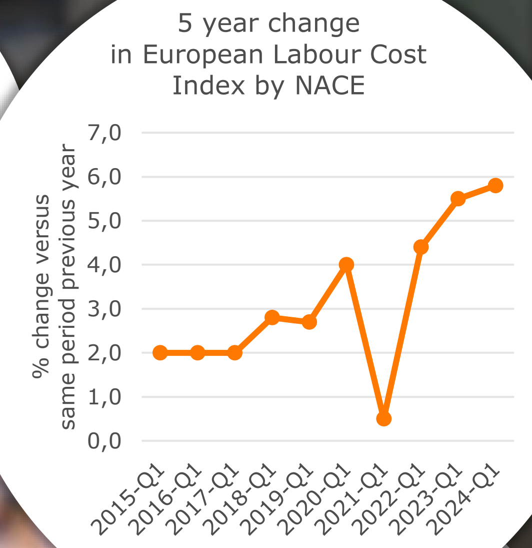
Aging workforce

14%

decline in share of work completed by **people** over next 5 years

5.1%

increase in labour costs in EU in last year



Source: WEF, State of Work 2025

Automation and human-machine collaboration in all forms is growing

What is your company's automation strategy and how will your packing lines be impacted? And what initiatives do you have in supply chain traceability?

14%

estimated reduction in the proportion of total work tasks delivered by humans in 2030 vs 2025

82% likely to come from advancing automation and machinery investment

19% is likely to come from human-machine collaboration (i.e. AI, predictive software)

Share of tasks completed predominantly by...

People, present day

People, by 2030

DS Smith

Choiceful & value driven consumption

The long-lasting impacts of the pandemic mixed with several years of high inflation and cost of living crisis; consumers remain choiceful and value driven. Volumes remain low even though some brands have managed margin recovery. Private label growth is strong. As Euromonitor phrases it; temporary shifts in behaviour, have now become embedded into consumption habits. Purchase decisions are strategic and intentional. Whether it's health & wellness, sustainability or cost, consumers are being choiceful about what they buy in these three main areas.

Communication on packaging should be very targeted on value-driven topics; price, health and sustainability.

52%
of consumers believe they'll be healthier in the next five years than they are now

17%
of respondents to Deloitte survey currently use grocery stores as a source of healthy living information

UK shoppers most price conscious in Europe, ahead of Germany, France, Spain

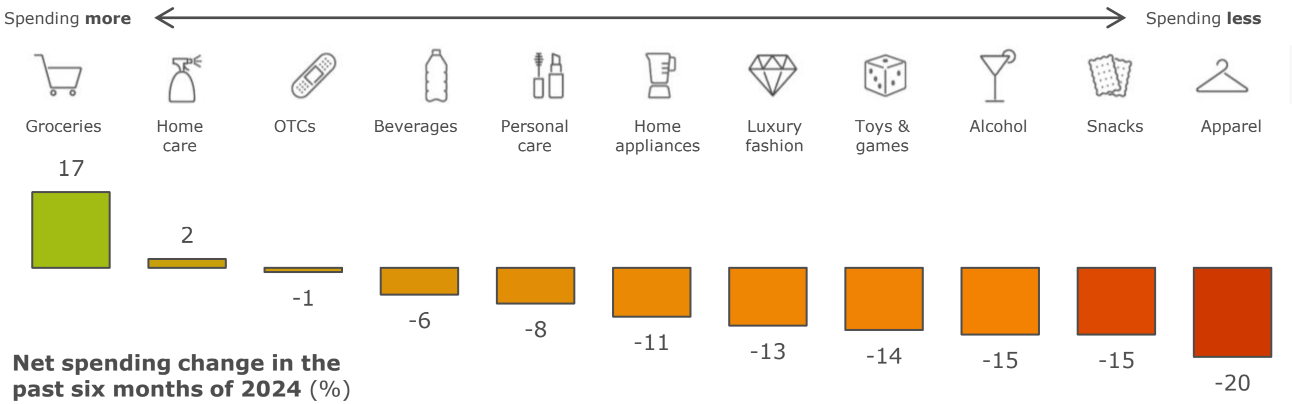
36%
of global respondents say that lower prices can persuade them to buy something other than their usual brand

Sources: Euromonitor 2024 and 2025 consumer trends, Talking Retail, Nielsen IQ

Cost remains the number one value which consumers are focussed on

What tactics is your business using to recover price or volume? How are you competing against private label?

And how could and does packaging size, format and messaging feature in these initiatives?



Net spending change in the past six months of 2024 (%)

*A new grocery classification has emerged: **Core Essentials**, a new grouping driven by price factors, more resilient to volume fluctuation and dominated by Private Label. **Essentials** are now the murky middle, with more role for branded products although at risk of downtrading and downsizing. Discretionary more competitive than ever.*

Sources: Boston Consulting Group, Circana

Health and sustainability come close behind cost, but where do consumers find information to make their choices?

Are you using your packaging to effectively to communicate health and sustainability messages to consumers?

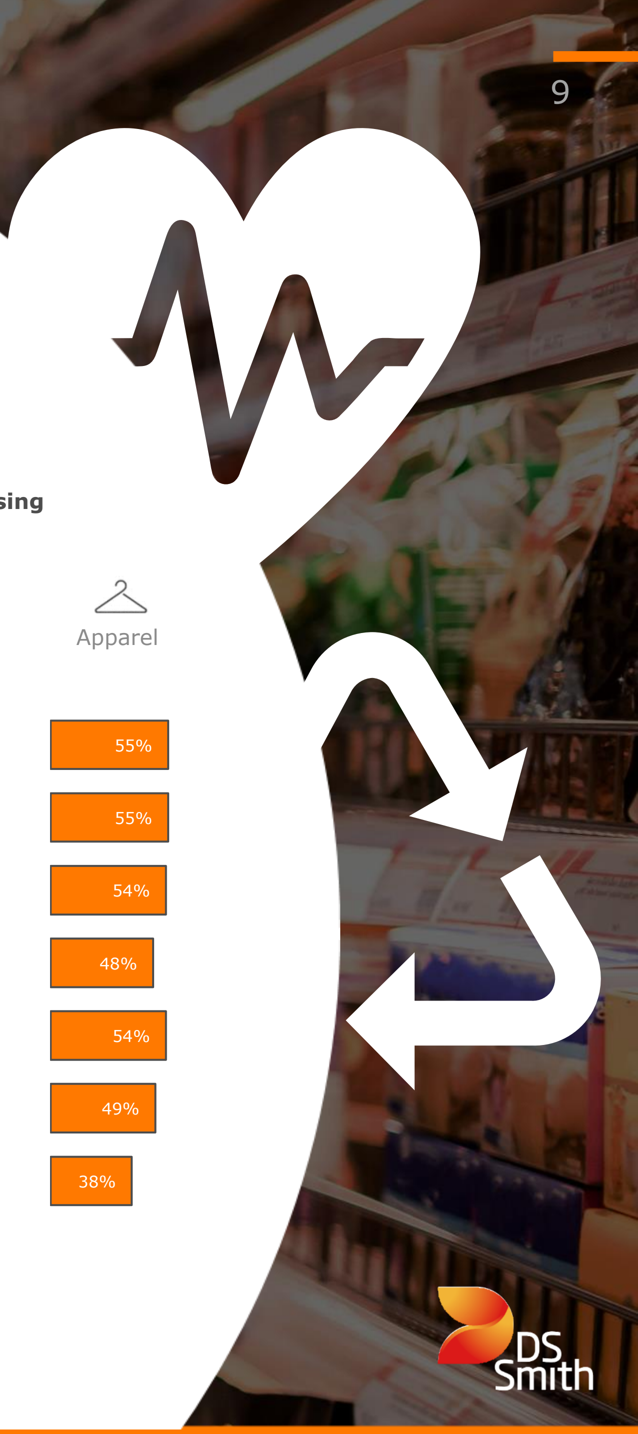
38%
of EU survey respondents look for packaging sustainability info in store, in 2020

9% increase

47%
of EU survey respondents look for packaging sustainability info in store, in 2024

Importance of health & environment factors in purchasing decisions, Europe 5 in Q3 2023 (% respondents)

	Groceries	Household supplies	Personal care	Apparel
Producing goods with less packaging	58%	56%	57%	55%
Recyclable products, packaging or initiatives	56%	57%	56%	55%
Sustainably sourced materials	53%	55%	55%	54%
No artificial ingredients/natural/GMO-free	57%	53%	57%	48%
Fair trade practices	53%	54%	53%	54%
Small or neutral carbon footprint	47%	50%	51%	49%
Organic	44%	43%	43%	38%



Sources: DS Smith & Ipsos Mori 2020, DS Smith & Toluna 2024, McKinsey & Company

DS Smith

Individualism convenience & delightful experiences

While choiceful consumption is a key trend, we do see some recovery in spending. E-commerce still growing, although not as fast. Retail has seen some recovery, and we see that amongst this, the drive towards convenience and treating oneself during harder times is still prevalent. Especially with the squeezed but splurging middle income consumers. Brands will need to fight for this, to differentiate themselves, which is where hyper-personalisation, loyalty programmes and online shopping will play a role as social media platforms continue to drive demand for delightful product experiences.

With so many channels, brands will need to be choiceful and make sure their execution is consistent; from digital through to physical execution online or in store on-pack and Displays.

50% of consumers say they are willing to spend money to save time

48% the combined retail spending share by Millenials and Gen Z by 2030

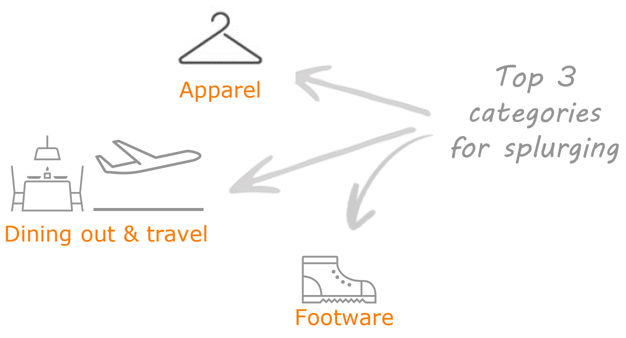
46% of consumers purchased directly through social media in 2024, versus 21% in 2019

Sources: PwC voice of consumer 2024, Bloomberg, Euromonitor top global consumer trends 2025, Forbes, McKinsey & Company

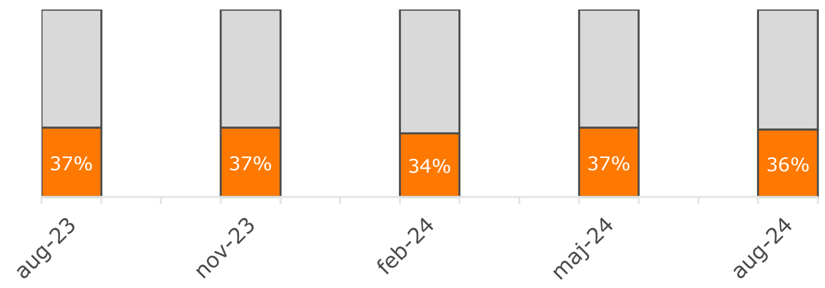
DS Smith

Capturing value and loyalty requires differentiating, consistent and delightful experiences across channels

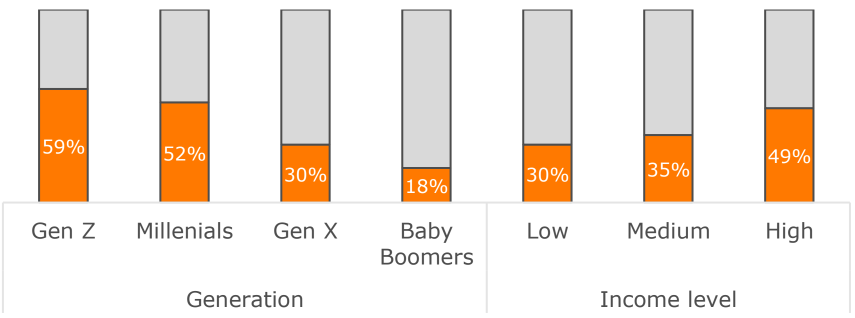
Packaging reaches 100% of your shoppers. How could you utilise it to drive impulse, splurging and deliver delightful experiences in e-commerce and in-store?



Consumer willingness to treat themselves has remained consistent around 36% despite inflation



Consumer willingness to treat themselves across generations and income levels differs



% repondants planning to splurge
% repondants not planning to splurge

 Sources: McKinsey and company,

Geopolitics, activism & polarisation

A complex final macro-trend; as conflict and political issues continue to drive extreme tension and polarisation amongst consumers. 2024 was a prolific year for activists, with 243 campaigns launched globally. But it is also driving apathy amongst others with growing trends towards some consumers being "Greenwashed out" according to Euromonitor. What we do know for sure, it that the last 5 years have been changing the way consumers expect governments to act, and how much they expect them to drive social and environmental change.

A complex mix of consumer demand, brand and retailer ambitions and legislation, are driving a generation of accountability.

77%
of CEOs said they will alter their supply chains in response to rising international tensions

Supply chain risk

Around one
Fifth
of consumers claim to feel exhausted by climate "doom & gloom"

45%
of professionals said their companies will invest in certifications to avoid greenwashing

Sources: Global Web Index, Forbes, Euromonitor

DS Smith

RETAIL & SHOPPER TRENDS

Trends do not exist in isolation of each other. Macro trends and their relevance to your packaging strategy, must be considered jointly with an understanding of the retail landscape and shopper trends happening in these spaces.

Discounters and online retail driving change

As we continue to live in an inflation-driven environment, consumers focus on value means discounters like Aldi, Lidl and others continue to see immense growth across all markets in Europe. No longer perceived as only cheap and affordable, but as fresh and quality. However, Discounters require different packaging formats; mixed cases and more pallet drops. Often creating a lot of re-packing waste for organisations supplying them. Similarly, the significance of online retail, also requires significant focus as it provides new supply chain, packing and profitability challenges.

Are you packing lines and packaging formats optimised for these two growing channels?

Roughly **23%** of all grocery shopping in Europe is done in discounters

Pallet drops

Packaging guidelines

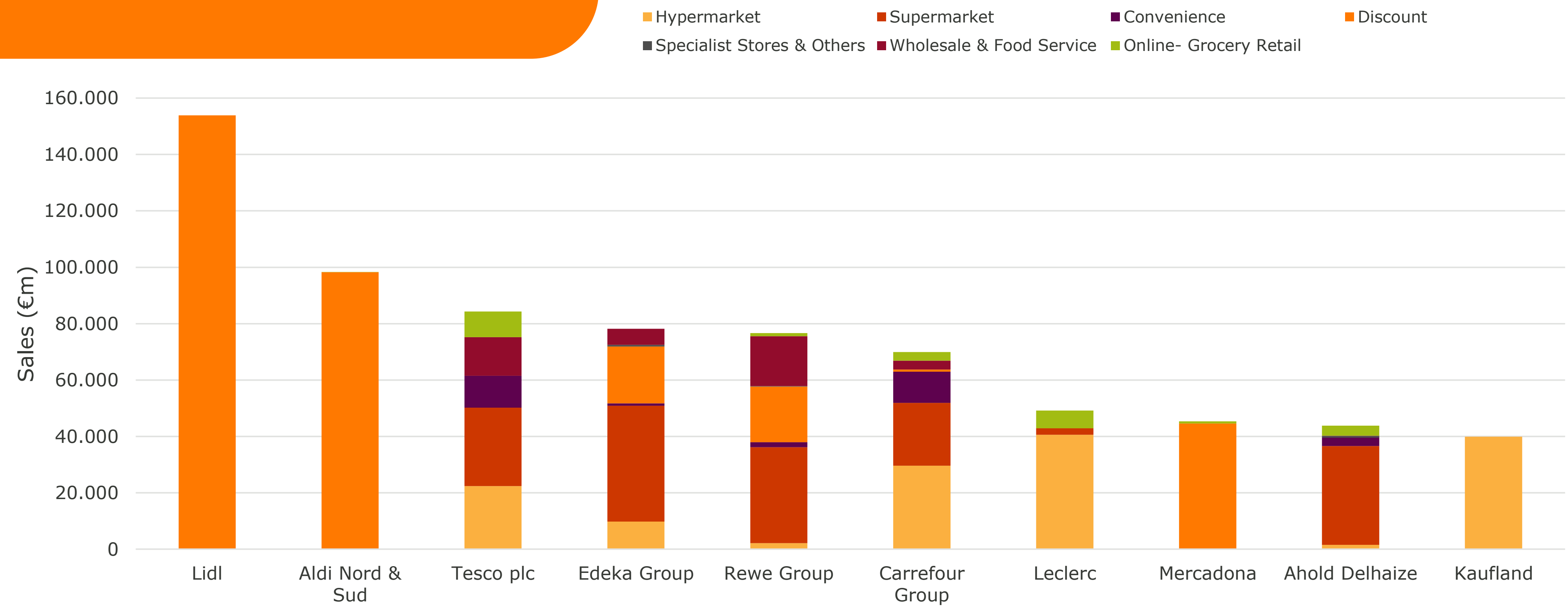
Discounters have seen a **7%** increase in occupier floorspace over the past decade

Mixed cases

Sources: Savills

Discounters and online retail driving change

Europe's top 10 grocery retailers: sales by channel in 2028



Source: IGD

Retail media, connectivity and digital

When it comes to shoppers, the shorter the time between inspiration and purchase, the better. Brands and retailers are constantly exploring strategies to shorten this through traditional media, but increasingly now through digital displays and audio in-store, to create personalised and real time ads and promotions. Retailers are also introducing automation, robotics and computer vision will transform store operations, enhancing inventory management, streamlining checkout processes, and improving labour productivity.

Will you explore the synergies between digital POS and physical POS & Display solutions? And are you looking ahead to prepare for the era of automated distribution centres and back of store?

Retail media is **expanding at a faster rate** than traditional advertising channels

QR

In-store screens

Dynamic digital pricing

retailers who add AR or VR to their stores see a

94%

conversion lift

Smart shelves

Sources: IGD, Shopify

Health and sustainability focus

In line with consumer trends, retailers are leading a lot of behaviour change on health and sustainability; collaborating with suppliers across the value chain. Over the next year, Retailers will introduce and showcase more healthier food and drink options. There will be more 'low and no' varieties of packaged products, functional foods, in-store and online zoning, segmentation and mission-based healthy choices made available to shoppers. Retailers will also continue to focus on plastic packaging alternatives and solutions. They will be forced to make tough decisions between cost, availability and sustainability.

How can we help you to pitch new sustainable or health focussed innovations with the retailers?

45%

of the average European food and drink shopping basket contains plastic that is already replaceable

Retailer and E-tailers reasons for investing in sustainability initiatives 2024 (% global respondents)

Sources: DS Smith Materials Change Index, Euromonitor Voice of the Industry: Sustainability Survey

Macro, consumer & retail **considerations for 2025**

- Are materials (ingredients and packaging) cost, carbon and traceability at the heart of your strategy?
- Do you have a good enough understanding of upcoming legislation's impact on your business now or in the future?
- What are your automation and mechanisation plans?
- How well do you know your shoppers and how does this translate into your packaging artwork and campaigns?
- Are your packing lines, formats and supply chains optimised for the requirements of discounters and e-commerce?
- How close are you with the retailers?
  And how familiar are you with their packaging guidelines?
- Will you explore the synergies between digital POS and physical POS & Display solutions?
- How can we help you to pitch new sustainable or health focussed innovations with the retailers?

Thank You

Danke Dankjewel Благодаря 谢谢 Hvala Děkuji Tak Aitäh Kiitos Merci Ευχαριστώ

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