

South Korea Paper Packaging Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The South Korean paper packaging market is expected to grow at a CAGR of 3.25% over the forecast period. Food delivery services and expanding e-commerce are anticipated to continue to develop rapidly over the following years, contributing to the market's expansion.

Key Highlights

People in the country are choosing accessible and sustainable packaging options as they become more conscious of the effects that packaging materials have on the environment and, as a result of their busy lifestyles, demand convenience. The need for paper-based packaging supplies is thus anticipated to increase.

Taking into account of excessive use of single-use plastics, the government of South Korea 2019 imposed a ban on all types of single-use plastics. Therefore, banning all sorts of packaging and wrapping materials, the food and beverage industry that relies heavily on plastic packaging is since then looking for new methods for packaging products that can keep wet food items such as fish and meat safe but can also withstand transportation stress. Moreover, many such products are made of paper and cardboard that the food and restaurant industry can use in the market. With the ban on plastic packaging material, paper packaging can be a suitable alternative to fill the space.

The rising retail and e-commerce industries and the growing need for environmentally friendly packaging materials are currently driving the market's expansion. Domestic internet purchases in South Korea reached USD 168.5 billion in 2021, up from USD 135.1 billion in 2020, according to the International Trade Administration of the United States Department of Commerce. The need for secondary and tertiary paper packaging products has increased dramatically as online shopping platforms have proliferated. Paper, pulp, resins, paperboard, and adhesives are some of the most popular raw materials utilized by paper packaging industries. The prices of these essential materials have risen dramatically in the flexible packaging business in recent years.

Consumer packaged goods firms are always looking for new methods to meet consumer wants and improve their offers. They

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frequently rely on paper packaging firms to develop new products and draw more customers to the store shelf. However, participants in the paper packaging business often need help to keep up with these rapidly shifting expectations. Furthermore, to satisfy these needs, paper packaging companies would need to upgrade their equipment regularly, which will necessitate significant capital investments.

COVID-19 has led to unforeseen supply chain obstructions and order backlogs, resulting in a spike in paper prices. The competitiveness of enterprises in the flexible packaging industry has been harmed due to this predicament. According to a survey by Korea Rural Economic Institute (KREI) 2020, roughly 33.6% of South Korean households bought meal delivery or takeaway every two weeks due to the COVID-19 Pandemic. A similar proportion of households placed weekly food orders. Only 0.1% of those polled said they purchased takeout or had food delivered daily. Furthermore, there is a strong emphasis on hygiene and product protection. There is a growing demand for paper packaging items in South Korea since they are used just once, are sustainable, and can be recycled.

South Korea Paper Packaging Market Trends

E-Commerce to Drive the Market Growth

In South Korea, e-commerce is a significant part of the entire consumer market, which is continually rising. Korea is a technologically advanced country, with about 99.5 % of Korean households having internet connections through a computer, mobile phone, or another device. According to ITA, domestic internet sales in 2021 increased by 24.72% from the previous year, 2020. High smartphone penetration is the key driver of industry growth.

Over the last few years, the popularity of online purchasing through various e-commerce channels has steadily increased. It was notably true in the recent year as a result of COVID-19's effects, as the growth of the South Korean e-commerce market unexpectedly increased despite a falling trend since 2017.

Online shopping is possible on various platforms, including tablets, laptops, and smartphones. As the number of smartphone users in South Korea grows, so does the popularity of mobile shopping. The increasing e-commerce factors drive the market to adopt paper packaging products due to sustainable, eco-friendly benefits.

E-commerce has been driving the expansion of the Korean retail market. Traditional retailing channels need help as e-commerce expands quickly. Consumers browse conventional retailers' merchandise to obtain the optimum prices before purchasing. The anticipated e-commerce growth in the country may create opportunities for several packaging companies where paper packaging is primarily used.

According to Statistics Korea, the annual sales of the e-commerce market in the country were valued at about USD 128 billion, a 16.9% rise from the previous year, 2020, which generated around USD 109.5. In 2021, the organization estimated that e-commerce would account for 28.7% of all retail sales. Paper packaging vendors in the country may benefit significantly from such large shares.

Food and Beverage Industry to Hold Significant Market Share

Consumer goods, such as food and beverages, are among the most popular online shopping categories. Online grocery shopping has become more popular as more transactions are switched to online interactions rather than purchasing from physical stores, resulting in many consumers using mobile grocery shopping apps.

According to ITA, Online purchases of food delivery services increased by 48.2% year over year to KRW 25.7 trillion (USD 19 billion), while purchases of food and beverages increased by 26.32% to KRW 24.9 trillion (USD 18 billion). The significant shares of food and beverages in e-commerce sales may increase the demand for paper packaging in the country.

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Moreover, due to the impact of the COVID-19 outbreak, South Korea's internet food business grew at a breakneck pace. According to Statistics Korea, South Korea's online grocery and food sales only exceeded KRW 2.2 trillion (USD 1.8 billion) in December 2021, an increase of 11.2 percent from the previous year.

According to the British Chamber of Commerce in Korea, South Korea's F&B business is defined by hypermarket dominance and expanding sales through e-commerce platforms. The F&B market in South Korea is expected to reach GBP 76.1 billion (USD 89.98 billion) by 2024.

Further, the government initiatives for sustainable packaging are mandating the adoption of paper packaging products. For instance, as part of South Korea's 2050 carbon neutrality goal, the South Korean Ministry of Environment has announced that disposable cups from chain cafes and fast-food restaurants will require a 300 KRW (USD 0.25) deposit starting on June 10, 2022. This regulation applies to chains with more than 100 branches and 38,000 stores.

Because of its mobility and ease of use, paper and board packaging are widely employed. The paper & board pack format's disposability and recyclable nature also contribute to its rising popularity. Due to the ease of on-the-go consumption, it offers to busy consumers; the packaging is primarily employed in the juice segment. Eco-friendly features mostly drive paper and board packaging in the nation.

South Korea Paper Packaging Market Competitor Analysis

The competitiveness of the South Korean paper packaging market is moderately consolidated with the presence of major players like Amcor, Mondi Group, Smurfit Kappa, etc. The market has several firms with significant market shares. The market players are focusing on product innovation to enhance their brand presence through sustainable packaging initiatives.

June 2022: Mondi created several "fit-for-purpose" packaging options for fresh produce. Fresh fruit may be safely and effectively protected and transported from fields to stores to consumers' homes with the help of Grow&Go packaging materials. The portfolio's stackable products help prevent food waste by shielding fruits and vegetables from blemishes following assembly and filling. Customers receive their products in environmentally friendly packaging that is entirely recyclable and is composed exclusively of paper, starch, and glue.

January 2022: AmFiber, a new line of paper-based packaging goods, was introduced by Amcor. Amcor seeks to provide various features and functional advantages through the AmFiber platform to satisfy consumers' expanding needs. Amcor's extensive background in paper and carton packaging served as the foundation for the introduction of the AmFiber platform. The platform will also be extended to the Americas, Asia-Pacific, and Europe.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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