

## **Packaging Automation Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 98 pages | Mordor Intelligence

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### **Report description:**

The packaging automation market is projected to register a CAGR of 7.81% during the forecast period (2022-2027). Over the last few decades, production lines worldwide have undergone a significant transformation with the advent of automation and robotics. High levels of competition and growing focus on reducing the turnaround time have prompted manufacturers worldwide toward automation to retain high levels throughout and efficiency.

#### Key Highlights

The demand for global packaging automation solutions industry is driven by the increase in the rate of industrialization & manufacturing activities due to the growing population, reduction in the labor cost as automated packaging requires fewer manual inputs, and a rise in industries using this solution, including food & beverage, healthcare & pharmaceuticals, and e-commerce & logistics industry, and others.

The industries are focusing on gaining a higher cost realization by achieving higher efficiency and cost reduction in the overall operation. Labor wage is one of the large chunks of expense for any manufacturer. The trend toward less staff per line has been driving the need for intuitive control units, such as Human & Machines (HMI), to interact with multi-touch. Hence, by adopting packaging automation systems, manufacturers gain efficient and cost-effective packaging solutions.

Additionally, to promote packaging automation among end users industries, packaging machinery manufacturers are launching schemes with their machinery. For instance, in Aug 2022, Maxpack Machinery LLC launched Leap by Max pack, revolutionary packaging machinery which allows the buyer to pay over time. Leap is Maxpack's take on the high-growth segment of Buy Now, Pay Later. The automation machinery is sold as premium bundles with a payment duration of 18 monthly payments with no interests, no guarantees, and no credit requirements.

Decarbonization continues to be a major trend in nearly every industry. Reducing energy consumption is a very high priority for packaging companies, and CPG (Consumer Packaged Goods) manufacturers are searching for better ways to control energy use in

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their facilities. As a result, many are outfitting the new machines and retrofitting existing machines with airflow sensors. However, the advantages of adopting the packaging automation systems are significant and drive the market. Still, the requirement of higher initial capital restricts smaller organizations from adopting further amidst the pandemic. The COVID-19 pandemic is forcing the players in the packaging industry to rethink existing business models. The increase in e-commerce does not put a strain on distribution companies but also on manufacturers. Manufacturers are also putting their money and efforts into packaging that goes with the product they produce. Additionally, COVID accelerated the adoption of robotic packaging automation processes like the wrap around packaging.

## Packaging Automation Market Trends

### Pharmaceutical Industry to Show Significant Growth

The pharmaceutical industry has been undergoing massive changes due to covid 19, and various technological advancements have occurred. The industry has adopted digitized supply chain management solutions driven by critical factors increasing the value and complexity of the supply chain ecosystem. For instance, the rise of novel techniques for vaccines and biologics requires specific materials and temperature conditions for proper packing and transport, and visibility and transparency are needed. According to PMMI, The Association for Packaging and Processing Technologies, the pharmaceutical industry is undergoing a fundamental shift in product formats with the growth of injectables and customized medicines, requiring manufacturers to rethink their production and packaging strategies. Manufacturers are looking to use the potential of digitized data to drive efficiency improvements throughout operations.

A recent study by FDANews stated that around 80% of the deviations observed could be attributed to human error. Also, in the United States, 90% of the prescriptions have generic drugs but only generate 28% of the pharmaceutical revenue, resulting in an increasing demand for small-batch production. Consistent quality, even for small batch production, can be achieved with packaging automation.

The adoption of industry 4.0 in the pharmaceutical industry has shown significant growth. Its ability for continuous process control for all the operations, including packaging, provides analytical insights, helps draw quicker decisions where attention is needed and reduces human interventions. Also, the increasing packaging complications and rigid government norms are anticipated to promote growth for the market, especially in the pharmaceutical sector. This, in turn, is affected by the increase in pharmaceutical sales globally. Pharmaceutical sale in North America and Europe is projected to reach USD 706 billion and 296 Billion in 2025. (Source - AstraZeneca PLC)

Further, with the decreasing cost of robotics systems such as parallel robots, and arms robots, pharmaceutical companies are starting to accept the fiscal advantages of robotics components over obsolete equipment as they offer automation with sustainability and flexibility.

### Asia Pacific to Hold a Major Market Share

Due to the high penetration of packaging machinery in the region, Asia Pacific accounts for a significant market share. The formation of strategic partnerships and collaborations by key regional vendors add growth to the market. For instance, in February 2022, Honeywell announced its partnership with Walvax Biotechnology Co. Ltd in providing automation control solutions to achieve highly intelligent and digitized vaccine production for China's first mRNA COVID-19 vaccine production plant. The plant will utilize Honeywell's intelligent plant technology and industry-leading experience for digital production and operation, promote the vaccine industry's digitalization, and realize the goal of building a smart plant.

Automation became more prevalent with the unfortunate spread of the COVID-19 pandemic. China is expected to be one of the

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critical markets for packaging automation, considering the increasing investments and the growing size of the retail market sector. The rising consumption rate of goods accelerates the need for more packaging, thus influencing the demand for packaging robots.

The packaging market in Japan is experiencing healthy growth. The demand for corrugated packaging in the country has been fueled by the development of beverages and packaged food. Japan's growing processed food industry is also expected to act as one of the critical drivers for the packaging automation market.

In addition, the introduction of the Industrial Internet of Things (IIoT) into packaging equipment is also gaining popularity in the region, which may not only improve the efficiency of packaging lines but also pave the way for the digital future of packaging equipment over the next decade, by opening new opportunities for improved machinery, machine infrastructure, and operators. As per Invest India (National Investment Promotion and Felicitation Agency), the Indian packaging market will reach USD 204.81 billion by 2025, registering a CAGR of 26.7% from 2020-to 2025. One of the major export markets for Indian production of PE bags is the United States (50% share of all exports), the United Kingdom, and all Western European countries. However, the Indian packaging industry has been one such sector that witnessed rapid changes owing to COVID-19 measures. The pharmaceutical and food industry absorbed the most heat compared to other regions. The demand was relatively high for packaged food due to the lockdown and the rising demand for medical supplies and pharmaceutical products.

### Packaging Automation Market Competitor Analysis

The packaging automation market is fragmented with many players occupying shares of the market. Innovation and collaboration among the key players are further adding growth in the market.

March 2022 - ULMA Packaging announced that its machines now feature BETTER-SEAL, an innovative system that improves the sealing in mono-material solutions. The addition of this feature is a step forward in its innovation strategy and its commitment to the environment.

January 2022 - MULTIVAC announced the acquisition of the complete holdings of TVI in Bruckmühl. TVI is a provider of portioning machines and has been part of the MULTIVAC Group since January 2017. This acquisition is an essential component for the further alignment of MULTIVAC as a complete supplier of packaging and processing solutions.

#### Additional Benefits:

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

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