

Mexico Flexible Packaging Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Mexico Flexible Packaging Market is expected to register a CAGR of 3.79% during the forecast period, 2022-2027. Flexible packaging is rising faster than many other forms. It includes trends like e-commerce, digital printing, and sustainability that can be used to drive market development and growth. Customers in the region are eager to pay more for certain product attributes boosted by flexible packaging.

Key Highlights

Technological innovation, sustainability trepidations, and attractive economics are among the reasons for the remarkable growth of flexible packaging in the last two decades. The way consumers view and interact with packages is altering. Due to the increasing focus on sustainability, traditional rigid packaging solutions are being substituted by innovative and more sustainable, flexible packaging. The growing market demand for customer-friendly packages and heightened product protection is expected to boost flexible packaging as a viable and cost-effective substitute.

Local trends, such as e-commerce (presence of online marketplaces, such as Amazon, Mercado Libre, and Linio, in Mexico) and digital printing are driving the developments in flexible packaging. Similarly, the growing penetration of end-user verticals and allied demand for product protection has boosted the role of flexible packaging as a viable and cheap option in Mexico. Recent innovations have also made these packages eco-friendly, increased shelf -life, and sustainable.

For instance, in September 2021, Nestle Mexico announced the agreement with Greenback Recycling Technologies and Enval to build a chemical recycling plant capable of processing flexible plastic packaging in Mexico. According to the three firms, the plant is expected to be designed to handle 6,000 metric tons of scrap in its first full year and can be scaled up in later years. The agreement targets plastic packaging not commonly recycled, including multilayer flexible and aluminum-laminated plastics, to ensure the circularity of food-grade plastics. Nestle will also invest in the adaptation to the Mexican waste ecosystem and Greenback's eco2Veritas circularity platform, which provides complete traceability of the neutralization and recycling process.

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Consumers are becoming increasingly aware of the packaging solutions and health benefits of snacks. The demand is primarily driven by taste and health considerations. Also, a greater reliance on ready-prepared nutritious foods is driving the Mexican flexible packaging market in the snack product segment. There is an enormous opportunity to gain market share in the nutritional, portable, and easy-to-eat meal alternative market for the Mexican flexible packaging snack manufacturers. Baked and salted snacks are also showing strong growth, providing vast opportunities for flexible packaging manufacturers in Mexico. Within the salted snacks product group, potato chips, tortillas, and corn chips are the most extensive product segments. An emerging trend in the snack food products observed is the evolution of fruit snacks and nuts with attractive and portable packaging. Increasing demand for consumer-friendly packages and rising demand for product protection boost the role of flexible packaging as a viable and cheap option in Mexico, which is expected to drive the growth of the market during the forecast period. However, the growing concern about environment and government ban on single-use plastic are hindering the market growth. The COVID-19 pandemic affected various sectors in Mexico due to the lockdowns imposed by the government, mainly in the first half of 2020. The impact on the production of various product categories and the shut down of retail stores led to an adverse effect on the revenues of major end-user industries in the market. Companies such as Grupo Herdez, a prominent food and beverage company, witnessed COVID-19 challenges in operations leading to additional expenses. In the second quarter of 2020, the company spent MXN 9 million on COVID-19 related expenses.

Mexico Flexible Packaging Market Trends

Pouches Expected to Hold Significant Share

Pouches are extensively used in the food and beverage sector for various applications, including pet food, baby food, and liquid packaging (tea, coffee, and juices). As pouches are widely used and have a large footprint, there is growing concern about the environmental impact of plastic packing. In order to reduce plastic waste, businesses are working to create a closed-loop economy for the entire lifecycle of plastic packaging.

For instance, in January 2021, StePac's Xgo tech extends shelf life with pouch bags, maintaining a strong retail presence for convenience and allowing high graphics while displaying the product. StePac's resealable pouch bags have another feature: they are made with its proprietary Xgo advanced modified atmosphere/modified humidity technology, designed to increase product shelf life significantly. The Xgo standing pouches lower oxygen and increase carbon dioxide, creating optimal conditions to slow respiration and inhibit the growth of mold and other microorganisms.

Furthermore, with the packaging industry going through a series of transformations to incorporate the best practices and ensure the highest recyclability levels, multi-material packaging structures are expected to be replaced by recyclable mono-material alternatives.

Similarly, in September 2021, Scholle IPN, a flexible packaging solutions provider, developed a line of tethered fitment solutions for flexible spouted pouches, focusing on design for the circular economy. Scholle IPN is assisting its clients in taking the next step in their sustainability journeys with this development. Consumers and manufacturers alike no longer have to be concerned about the cap being lost due to the installation of a tethered fitting. Rather, it will be recycled with the rest of the package.

The durability and convenience of logistics for products packaged in pouches drive the demand for the studied market.

Furthermore, the cost-effectiveness of pouches is encouraging manufacturers to opt for pouch packaging, driving the growth of this format of flexible packaging. The adoption of pouches is driven by the lightweight nature of the structure compared to other traditional packaging formats like PET packaging.

Pharmaceuticals Expected to Witness Significant Growth

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The developing significance of modern packaging in the pharmaceutical industry has led the brands to utilize the potential of characteristic flexible packaging to stand out from the rest of their competition and increase profitability. Apart from the basic condition of protecting the drug, the pack also needs to be appealing and distinct sufficient to promote itself. Thus, the esthetic appeal of flexible plastic packaging has contributed as a driving factor for its usage in pharmaceutical packaging. According to the International Trade Administration, Mexico is the world's 11th largest pharmaceutical market and Latin America's second-largest after Brazil. Patented pharmaceuticals account for 51% of the Mexican pharmaceutical market by value, generics for 35%, and over-the-counter products for the remaining 14%. According to COFEPRIS, generics account for more than 80% of the market in terms of volume; the pharmaceutical industry has been significantly contributing to the growth of flexible packaging in the Mexican country.

In January 2022, Bayer AG announced the investment of USD 358 million during the next three years in its pharma, consumer, and agriculture divisions under the slogan "Health for all, no one hungry" and this investment will be supported by additional events and national campaigns. Also the company announced that it will strengthen its overall investment in its global pharmaceutical divisions to ensure sustainable competitiveness. Such instances are expected to boost the demand for flexible packaging. Initiatives by organizations, such as Amcor and others, which produce more than two-thirds of their pharma packaging to be recyclable or reusable, are expected to drive recyclability among the region's flexible pharmaceutical plastic packaging providers, driving sustainability.

Characterized by the increased focus on child-resistant, tamperproof packaging and the favorable initiatives for the circular economy, the studied market is expected to grow significantly in the forecast period.

Mexico Flexible Packaging Market Competitor Analysis

The Mexican Flexible Packaging Market is fragmented, with the presence of a significant number of players, such as Amcor PLC, Constantia Flexibles, Berry Global Inc., Transcontinental, etc. The companies in the region are making strategic initiatives such as mergers & acquisitions, expansion, and product launches to increase their market share.

January 2022 - Amcor launched AmFiber™, a new platform for paper-based packaging products. AmFiber's innovations aim to redefine the capabilities of traditional paper packaging and provide a broader range of features and functional benefits to meet the changing needs of consumers. Amcor aims to gradually extend its new paper-based products to various applications, including solutions for butter and margarine in Latin America.

February 2022 - UFlex's flexible packaging business introduced perforated 3D bags for easy tearing by children. The company has developed a standy spout pouch made of BON and special grade PE and a 21mm spout at the top for pouring tea without spilling.

Additional Benefits:

The market estimate (ME) sheet in Excel format
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