

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

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Report description:

The Global Cannabis Packaging Market is expected to witness a CAGR of 24.3% over the next five years. The cannabis packaging market is anticipated to witness notable growth in the next few years, owing to the rising demand for medical and recreational cannabis products. The increasing legalization of cannabis in various countries will likely drive the future market.

Key Highlights

The recreational cannabis application is expected to drive the market in the future, as it has shown unprecedented growth in recent years. The Marijuana Business Daily reported flowers as the most preferred form of cannabis sold in the United States. The flower is packed in jars or flexible packaging bags.

The rapid legalization of the consumption of cannabis in the United States and the existing free environment in Canada is anticipated to drive the ancillary demand for the packaging of cannabis. 36 out of 50 states in the United States allow patients to use medical cannabis with a proper prescription. The growth of the cannabis market in the North American region indicates that the area is expected to witness the rapid development of the studied market.

A notable trend in the cannabis packaging industry is to tap into the rising consumption of recreational cannabis amongst the younger population. Due to high brand saturation amongst cannabis players, packaging plays an increased role amongst smaller and emerging players to strengthen the brand image.

The cannabis packaging market growth is restrained due to challenges that many cannabis packaging businesses face in order to comply with child-resistant (CR) packaging regulations. According to the rules, cannabis product packaging must be strong enough that a child cannot open it on their own.

The announcement of a nationwide lockdown during the COVID-19 outbreak sparked increased demand for cannabis products. Multiple retail stores registered havoc traffic from consumers as the general idea of stocking up on cannabis products in fear of scarcity took the center stage. Relevant statistics suggest the high retail sales growth of cannabis products in March last year,

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creating an ancillary demand for cannabis packaging products.

The focus on sustainability, regulations, and branding has heavily impacted the packaging of cannabis and has facilitated the shift from traditional methods, which relied on manual labor for processing and packaging, to more sophisticated methodologies involving automated machines. The incorporation of automation is slowly gaining traction in the cannabis packaging industry as the industry players become aware of the benefits of automating packaging processes. This is envisaged to become more popular with the standardization of the legal landscape of cannabis.

Cannabis Packaging Market Trends

Plastic Packaging Holds a Significant Market Share

Plastic packaging has been preferred for different cannabis consumption forms, such as tinctures, flowers, oils, patches, and pills. Plastic can help cannabis manufacturers overcome various challenges and are the most commonly used material for cannabis packaging for a variety of reasons, including the strict cannabis packaging regulatory environment and product preservation. Primarily, cannabis is a perishable product, and plastic packaging significantly increases the shelf-life of perishable products. Cannabis-infused extracts and tinctures utilize plastic in the form of containers, droppers, and caps. When it comes to containers, the low weight of plastic has made it a material of choice for packing Cannabis. The containers used for packaging are very small and sold in 15 to 30-ml sizes, so the manufacturers cannot add regulatory information on the labels. The manufacturers usually have a carton-based secondary packaging in which the container is packaged with the pamphlet containing the required information. Similarly, droppers and closures are also manufactured using plastics.

Bottles and closures made of high-density polyethylene (HDPE), low-density polyethylene (LDPE), polypropylene (PP), and polyethylene terephthalate (PET) have become widely accepted packaging options within the cannabis industry.

Further, creating child-resistant locking mechanisms out of sustainable materials is extremely difficult. Every legal cannabis market requires some form of child-resistant packaging, whether the primary product is in contact with the packaging or the secondary layer, such as an exit bag.

Owing to several benefits of plastic packaging and sustainability concerns, players are introducing new plastic packaging for cannabis. For instance, this year, Hippo Packaging came with cannabis packaging, which includes compostable containers and flexible bags, hemp packaging, and ocean-reclaimed plastic in response to sustainability initiatives.

Furthermore, the flexible pouches can meet the stringent regulations for packaging cannabis. The Chinese suppliers have captured the flexible packaging market due to their low-cost offerings and the absence of major players.

North America Holds Significant Market Share

North America is one of the major contributors to the worldwide cannabis industry. Growth in this region is attributed to the widespread adoption and farming of cannabis in countries such as the United States and Canada.

The recent shift in the regulatory landscape has resulted in more people using medicinal cannabis to address conditions like chronic pain, depression, PTSD, social anxiety, cancer, multiple sclerosis, and epilepsy, all of which are linked to changing lifestyles. Furthermore, due to these strict laws, suppliers must adhere to proper safety control methods and provide consumers with high-quality products, thus promoting market growth in this region.

The growing legalization and regulation of cannabis in the North American market have created numerous opportunities for the packaging industry to innovate in response to new demands. Among them is the need for child protection, especially with regard to beverage products, which are more easily consumed than smoking products. As a result, the demand for child-resistant or tamper-evident packaging has increased in the United States. In response, last year, US-based PakTech introduced a

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child-resistant cannabis beverage cap of 100% recycled high-density polyethylene (rHDPE).

Moreover, last year, California's office of environmental health hazard assessment (OEHHA) approved listing "cannabis smoke" and THC as reproductive toxins under Proposition 65, and, in one year, the cannabis vendors in the state will need to label their products with a Prop 65 warning label.

According to the National Institutes of Health, Marijuana and hallucinogen use in the past year reported by young adults 19 to 30 years increased significantly in 2021 compared to the last five years. Moreover, the five new states in the United States that have passed measures to legalize medical or adult-use cannabis in the November 2020 elections include New Jersey, Arizona, South Dakota, and Montana. In addition, Mississippi passed medical legalization. When all these states begin operations for cannabis, they could collectively add more demand for cannabis, and the packaging will grow significantly.

Cannabis Packaging Market Competitor Analysis

The global cannabis packaging market is a highly consolidated market with few top players dominating the market's significant share. Some of the dominant players in the market are KushCo Holdings Inc., JL Clarks Inc., Kaya Packaging, Impak Corporation, Funksac LLC., Dixie Elixirs & Edibles, and Pollen Gear LLC., among others.

In September 2022, Cannabis packaging company RXDco, a maker of child-resistant containers and bags, introduced eco-friendly, sustainable, and renewable packaging collections: Atid, PearlLoc, and EcoPro. These are paper-based biodegradable, recyclable, child-resistant packaging solutions created with the trending requirements in the cannabis industry for environmentally sustainable packaging.

Additional Benefits:

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

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