Cups and Lids Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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Report description:

The cups and lids market is expected to register a CAGR of 4% during the forecast period.

Key Highlights
The increasing demand for packaged food across the world and people preferring smaller portions of products while they are on the move, along with convenient packaging, have transformed the packaging industry at a global level, and it is expected to affect the market during the forecast period positively.
In recent years, there has been a surge in demand for cups and lids in the packaging industry, primarily driven by the increasing demand for specialty beverages, such as coffee and milkshake. The properties of cups and lid products, such as lightweight, smooth rolled rims for a comfortable and safe surface, snap-fit, easy removal, leak-resistance applications, and cost-effectiveness, are also significant forces contributing to market growth.
Paper cups gained wide acceptance due to their significant properties, such as easy-to-use, hygienic, safe, and functional. They meet the needs of modern life cost-effectively. According to Ecoffee Cup, more than half a trillion disposable cups are manufactured annually worldwide. According to Paper Cup Alliance, 2.5 billion cups are sold in the high streets of the United Kingdom every year. According to estimates from the paper and recycling sector, 50 billion cups are used annually in the United States.
Moreover, the increasing penetration of coffee chains, such as Starbucks, Costa Coffee, and Tim Hortons, across the world is the most significant growth driver for the market studied. According to the studies done by Good News Network, each year, Starbucks uses 250 billion to-go cups that serve coffee and tea.
However, with the outbreak of COVID-19, the cups and lids market was hit severely in the short run as production came to an abrupt end, and the entire packaging supply chain was disrupted because of the global shutdown. But, in the long run, the market is expected to rebound with businesses normalizing and the food-service industry rising.

Additionally, the war between Russia and Ukraine has led to economic sanctions on multiple countries, a surge in commodity prices, and supply chain disruptions, affecting many global markets. The war has caused over 300 major western companies' evacuation, including the widespread closures of packaging and production facilities in Ukraine and Russia. Uncertainty over when it will end has also led to some companies initially being reluctant to suspend activities, either scaling or shutting down operations.

Cups & Lids Market Trends

Food and Beverage Segment to Witness Significant Growth

The past decade has witnessed a significant change within the food service industry as consumers have shifted toward higher-quality food and convenience. Ongoing significant concerns, such as environmental and climate change, are becoming a central selling point for customers. Some major outlets across the world are choosing to create a zero-waste kitchen by avoiding disposable products and using innovative products that are recyclable, to use all parts of their food.

The food service industry is a prominent end-user industry with a significant market share in cups and lids. The growth of online food delivery services augmented the demand for food cups and portion cups. According to the US Census Bureau, the total foodservice sales in the United States amounted to USD 6.02 million.

Home food delivery applications are also booming, changing the entire landscape of brick-and-mortar stores and restaurants. The growing population of students and working-class people, who don't have enough time for a home-cooked meal, are the primary users of these services. This prominent factor is likely to drive the demand of the market.

Furthermore, over the decades, rapid urbanization, creation, and development of new urban centers have helped boost the coffeehouse culture. Mushrooming of boutique coffee shops has become a trademark of virtually every city neighborhood. The increase in travel and tourism is also fueling the rise of coffeehouses.

According to Starbucks Corporation, a US multinational chain of coffeehouses, global expansion has ultimately allowed the coffee chain to nearly double its locations over the past ten years. In 2022, there were 35,711,000 Starbucks locations globally. Other business units owned by the coffee chain, such as Siren Retail, were also included in this statistic. For the past ten years, Starbucks' unit sales have increased almost yearly.

North America is Expected to Hold the Largest Market Share

The North American region is witnessing food trends from consumers that favor convenience and smaller packages for single servings and the growing focus on specialty beverages, which are driving the market growth in this region.

Moreover, some additional factors fueling the market growth in this region includes the rapidly changing lifestyles of people, change in food consumption habits, and the growing demand for a single-serving, convenient packaging solution.

In addition, the region is home to a McDonald's restaurant, a quick-service chain with most of its locations in the US. According to the number of McDonald's restaurants in North America, the fast food king McDonald's operated and franchised by far the majority of restaurants in its home nation (Unisted States), accounting for 13,438 units in 2021. Canada has 1,452 McDonald's restaurants in the same fiscal year, making it the country with the second-highest number in North America.

The widespread of chains such as Starbucks and their popularity among millennials is what helped develop the modern American coffee culture. They are the biggest consumers of the beverage. Americans' growing coffee culture has increased the demand for cups and lids.

As Americans brew new post-COVID routines, coffee consumption has rocketed to a two-decade high. According to exclusive consumer polling by the National Coffee Association (NCA), Americans have boosted coffee drinking away from home by 8% since

January 2021. The use of espresso-based beverages, which are frequently made away from home, has increased by 30% since the pandemic's commencement, showing both recoveries from the COVID-19 epidemic and new growth.

Cups & Lids Market Competitor Analysis

The cups and lids market is highly competitive due to the presence of many large and small players in the market, supplying their products in the domestic and international markets. The market is fragmented in nature. Major players in the market are adopting strategies like product innovation and mergers and acquisitions to increase their market offerings and stay competitive in the market landscape. Some of the major players in the market are Reynolds Consumer Products, Huhtamaki Oyj, Greiner Holding AG, and Solo Cup Operating Corporation, among others.

In September 2022, Berry launched the SuperCup, a game changer in the reusable beer and soft drink cup market. It offers a lightweight but sturdy solution that is both washable and stackable and can be attractively customized to individual customers' branding requirements.

In May 2022, Berry Global Inc. developed an innovative new cup with post-consumer recycled plastic in partnership with Taco Bell. Together both are making strides toward a more circular approach to sustainable packaging with the launch of a new transparent, all-plastic cup containing mechanically recycled post-consumer resin (PCR). The move represents progress by both organizations in meeting their publicly stated sustainability commitments: Taco Bell's 2022 Commitments and Berry's Impact 2025.

Additional Benefits:

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

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