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

Market Report | 2023-01-23 | 100 pages | Mordor Intelligence

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Report description:

The Nigerian packaging industry is expected to register a CAGR of 7.1% during the forecast period. The packaging industry in Nigeria is attracting investments due to the increasing investments in several end-user industries, such as the food processing industry, cosmetics, household care, and others.

Key Highlights
The consistently increasing demand for alcoholic beverages is another factor attributed to the significant demand for glass packaging. This resulted in increasing investment in packaging technologies and machinery in the market. For instance, as per prime business Africa, from January to June 2022, the top four breweries in Nigeria which are Nigerian Breweries, Guinness Nigeria, International Breweries, and Champion Brew generated a combined NGN 599.11 billion (USD 1.37 billion).
Moreover, the growing e-commerce industry, owing to the youth population, consumer spending, and growing technology penetration, is expected to generate the demand for packaging solutions in the country. For instance, in August 2022, Omnibiz, a Lagos-based asset-light retail distribution model e-commerce and retail platform that connect fast-moving consumer goods (FMCGs) manufacturers to retailers by digitizing the supply chain stakeholders raised USD 3 million to expand into new markets in Nigeria.
The necessity of providing economical and sustainable packaging solutions across various end-user industries in the country offers opportunities for manufacturers to invest in packaging. For instance, in May 2021, Nigerian glass manufacturer Frigoglass started construction of a new furnace at its Beta Glass site located in Agbara, Ogun state in Nigeria 200t/day furnace with a 300t/day furnace. Also, the company is expanding Revimac NNPB-capable production lines from three to four lines with the new furnace. This technology will ensure that brands seeking a non-returnable glass offering can source lightweight glass bottles.
The lack of availability of raw materials in the country is the key factor restraining the growth of the packaging market in Nigeria. According to the National Bureau of Statistics (NBS), Nigeria imported paper and its allied products worth NGN 296.696 billion

(USD 670 million) between July and December 2021 which is highest in last six month.
The COVID-19 pandemic accelerated online marketplace consumption growth and facilitated a notable shift in consumer habits. As a result, consumers are increasingly turning to e-commerce to purchase essentials such as groceries and medicines. These trends are expected to increase the country's demand for packaging solutions. Further, the Russia-Ukraine war has an impact on the overall packaging ecosystem.

Nigeria Packaging Market Trends

Rapidly Growing E-commerce Industry

Nigeria is witnessing a boom in the e-commerce industry owing to growing urbanization and consumer spending, growth in internet users, and the emergence of several startups in the region. The growing e-commerce industry in the country is expected to increase the demand for packaging solutions, such as plastic packaging, carton boxes, corrugated packaging, and many more. Moreover, due to the COVID-19 pandemic, consumers increasingly resort to e-commerce to purchase essential daily items, such as groceries and medicines. These trends are expected to boost the demand for packaging solutions in the country. For instance, the e-commerce platform, Jumia, partnered with the manufacturer of essential goods, RB, to help consumers access hygienic products at the lowest price. Such initiatives are expected to boost the country's demand for sustainable packaging solutions.
In October 2021, Sandbox announced that it had raised USD 1.8 million to help small businesses that are struggling to deliver products efficiently to their customers and fulfill their e-commerce needs using a mix of technology and offline methods.
Nigeria needs to capitalize on the inherent opportunities in the e-commerce value chain, owing to insufficient investment, insufficient information on the sector's opportunities, and the government's inability to provide the necessary enabling environment. In response, to reduce the dependence on oil as a major foreign earning and tap the opportunities in e-commerce, the government announced plans to increase investment in e-commerce to hit a USD 75 billion revenue projection by 2025 which is expeced to positively impact the demand of packaging solutions.
Furthermore, according to the country's e-commerce market outlook released by the ministry of industry, trade, and investment, the number of online shoppers in Nigeria is expected to hit 122.5 million by 2025 from 76.7 million in 2021. Such investment by e-commerce companies, the government's plan to increase the investment in the e-commerce sector, and growth in the number of online buyers in the Nigerian market is likely to create a demand for different packaging solutions, especially paper & paperboard, and plastic packaging solutions.

Growing Demand from Retail Industry

With a growing population and a steady recovery from the pandemic, the retail industry in Nigeria has shown a growing demand for retail goods with a promising path of growth and expansion contributing a significant share to Nigeria's GDP.
An increase in the number of challenges key brands and new market entrants offering lower-priced products in key categories as consumers become increasingly price-conscious and more eager to experiment with new, lower-priced products. Thus, the manufacturers are adopting the trend of smaller packs for the various product categories. Further, due to the pandemic, spending on food and essential goods increased considerably, positively impacting the packaging market in Nigeria.
Moreover, According to the National Bureau of Statistics (NBS), in 2021, domestic merchandise exports from Nigeria amounted to over USD 43.8 Compared to 2020, which was around USD 28.1 billion. Most of the goods exported from Nigeria are produced locally.
In August 2022, Tana Africa Capital and Sango Capital announced an investment in Sundry Markets, one of Nigeria's fastest-growing modern grocery retailers. The transaction marks a partial realization of the capital invested in the company by

Sango Capital through its Fund I and a new investment by Sango through its Fund III and by Tana Africa Capital through its second Fund. Sango Fund I's investment began in partnership between Sango and Sundry Markets to spur the development of one of Nigeria's fastest-growing modern grocery retailers.
As Sundry Markets operate a brand of supermarkets and convenience stores, providing a superior shopping experience to customers and a one-stop destination for prepared and packaged food, fresh baked goods, fruits and vegetables, butchery products and beverages, as well as personal and home care products across different store formats which is expected to create significant demand for packaging solutions.

Nigeria Packaging Market Competitor Analysis

The competitive landscape of the Nigerian Packaging Industry is fragmented owing to the presence of many manufacturers in the country holding a large market share. The market players are forming strategic partnerships and collaborations to attract maximum market share in a developing economy.

In September 2022 - Sunlight, one of the leading household brands from Unilever Nigeria Plc, introduced a new, refreshed, and exciting packaging for its range of products as a Masterbrand in Nigeria. The Sunlight Masterbrand is an initiative to unify all the brand's product offerings under one umbrella in terms of packaging, marketing communication, and brand purpose.

Additional Benefits:

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

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