

## **Europe Contract Packaging - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029**

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### **Report description:**

The Europe Contract Packaging Market size is estimated at USD 24.90 billion in 2024, and is expected to reach USD 37.53 billion by 2029, growing at a CAGR of 8.55% during the forecast period (2024-2029).

#### Key Highlights

- The packaging of any tangible product is crucial. However, there are numerous resources and upfront costs associated with product packaging. As a result, manufacturers use contract packaging companies, sometimes called third-party packaging companies, to handle the packaging of their products to address this issue. Additionally, contract packaging provides the knowledge and tools needed for packaging. Thus, it is projected that the growth in small and medium-sized enterprises worldwide and the advantages offered by contract packaging companies will fuel the market for contract packaging.
- The expansion of the e-commerce sector has also contributed to an increase in the need for tertiary packaging globally, which favors the contract packaging business. Additionally, due to increased disposable income, population growth, and business-friendly government regulations in many nations, demand for various packaging-intensive industries, including pharmaceutical, consumer goods, food & beverage, and electronics, is rising. Thus, the growth of the industries mentioned above is projected to favorably impact the contract packaging market.
- The market is also witnessing the emergence of associations and organizations to create more awareness in the studied market. European Co-Packers Association and Contract Packaging Association are a few examples. Around 1,000 contract packaging vendors are active in Europe, of which 40-50% are small companies. According to the European Co-Packers Association (ECPA) data, the European contract packing market is growing significantly, with 81% of vendors having reported growth between 2016 and 2018 and 30% planning to invest in several packaging lines by 2022.
- End-user companies, like Unilever, Mars, and Kraft, also opt for the full-service concept, where contract packaging companies purchase materials and raw materials to take care of logistics and contract packaging. ECPA claimed that around 83% of the

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contract packaging vendors examined these regional offers. Notably, according to the Federation of E-commerce and distance selling, e-commerce sales in France were expected to reach EUR 146.9 billion (USD 159.98 billion) in 2022. This is a nearly 14% growth over the previous year, when online sales were slightly over EUR 129 billion (USD 140.48 billion).

-European businesses are outsourcing their packaging requirements to contract packaging companies to concentrate on their core operations while reducing operational expenses and expanding their market share. Vertical integration has been eagerly anticipated by consumer packaged goods (CPG) vendors to provide packaging solutions, including raw material procurement and logistics, and establish themselves as a single-source provider of contract packaging solutions.

-As a result, it is anticipated that the established packaging players' primary focus on outsourcing their operational and production activities will likely propel the market for contract packaging and open up a vast opportunity for product innovations in the sector. From the beginning, COVID-19 positively impacted the market as a whole. This is because online and e-commerce sales have increased demand for food and beverages.

## Europe Contract Packaging Market Trends

### E-commerce to Show Significant Growth

- Western Europe is the most developed e-commerce market in Europe, accounting for about 70% of the total e-commerce value in Europe, increasing the need for fulfillment services like logistics and warehousing. E-commerce sales in Europe have grown briskly in the last decade, creating a demand for safe and efficient protective packaging, as a seamless consumer experience remains critical to brand reputation and loyalty. According to Fevad, the Federation of E-commerce and Distance Selling, e-commerce sales in France were expected to reach EUR 146.9 billion (USD 159.98 billion) in 2022. This is a nearly 14% growth over the previous year when online sales were slightly over EUR 129 billion (USD 140.48 billion).

- Countries in Europe like Spain, Italy, Germany, France, the United Kingdom, Turkey, and Switzerland were all significantly affected by the COVID-19 outbreak. E-commerce sales performed well despite the nationwide lockdown. The European government shut down most physical retail locations as a careful step as a component of a progression of lockdown intended to contain the spread of COVID-19. Thus, the Internet became famous for looking for fundamental and trivial items like food, dress, and extras.

- The demand for packaged food products is rising quickly due to working professionals' growing time limitations and the availability of more convenient food options. Packaged food products provide better barrier protection, containment or accumulation, advertising, detailed ingredient information, safety, appropriateness, and other benefits. Compared to typical big-box stores, online shopping includes benefits like free delivery, speedy deliveries, and straightforward, uncomplicated returns. Eventually, this speeds up the market's expansion for packaged food goods. As a result, the demand for packaged foods and the growing inclination for online shopping is expected to drive growth in the Europe contract packaging market throughout the forecast period.

- Moreover, German consumers are extremely demanding and well-informed. Value for money is a key concept in the German worldview before purchasing, and consumers evaluate prices and search for the best offers. E-commerce platforms drive the nation's market since they offer great value, convenience, and the newest fashion trends. Furthermore, consumers are prioritizing sustainability over other issues, including fashion. Consumers are becoming more interested in learning where items come from and how they are created. In response, many businesses are strengthening their sustainable initiatives and attempting to make their local supply chains more sustainable.

- In addition, many big brands are expanding their business in Europe. For instance, in May 2022, the Chinese e-commerce behemoth Alibaba expanded its Lazada marketplace into Europe. Lazada will likely focus on local merchants rather than cross-border sales, such as AliExpress. Cainiao, Alibaba's logistics company, is new to Belgium. Alibaba's marketplace AliExpress is currently present in the European market. However, cross-border sales from China are AliExpress's most profitable source of revenue. Lazada instead focuses on local European sellers.

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## United Kingdom is Expected to Witness a significant Growth

- The packaging industry in the United Kingdom has been witnessing significant growth owing to the increased manufacturing activities in the country. Also, rising e-commerce sales, increased demand from food and beverage makers for eco-friendly and recyclable packaging, rising desire for product personalization, and a growing industrial packaging sector are propelling the country's contract packaging market forward.
- Consumer packaged goods (CPG) vendors in the country have been actively looking to vertically integrate to offer packaging solutions, including buying raw materials and logistics, to stand out as a one-stop contract solution provider. Food processors turned to contract manufacturers when the demand for ready-to-eat food goods during COVID-19's early waves skyrocketed. Manufacturing was increasingly outsourced due to OEMs' constrained manufacturing capacity and increased food producers. Food enterprises can now quickly expand because of the value-added services that food contract manufacturers have begun to provide, including packaging, research, advising, and warehousing.
- Further, pharmaceutical contract packaging in the United Kingdom is rapidly increasing the adoption of different packaging methods to meet the expectations of changing consumer preferences. Rising environmental concerns have stimulated the pharmaceutical industry's demand for sustainable contract packaging. In addition, the rising penetration of automation in pharmaceutical contract packaging has minimized human handling errors, catalyzing market growth in the country. Additionally, increased disposable incomes and rising consumer health awareness propel the demand for pharmaceutical contract packaging in the area.
- In the last decade, there has been an increase in regulations for plastic use is anticipated to have a significant effect on the market. Several contract packaging manufacturers are constantly working in line with government regulations. For instance, Alloga, a contract packaging company based out of the United Kingdom, their facilities housed in the same regulatory-approved, GDP-compliant storage facility as the logistics service. Alloga has Manufacturer's (Assembly) Licences (MIA and ManA) and has years of experience in the healthcare contract packaging industry.
- The United Kingdom is also now committed to environmental conservation and sustainable development at the highest levels of government. Contract packaging is a good combination of efficiency and effectiveness for CPG companies aiming to avoid big capital expenditures and instead focus on innovation, sustainable practices, customer experience, and speed-to-market. Supply chain efficiencies contribute to material and structural improvements such as cost reduction, waste reduction, and production cycle optimization. According to eBay, 37% of the consumers in the United Kingdom during 2022 were to consider sustainable packaging to reduce its environmental effect on the country.

## Europe Contract Packaging Industry Overview

The Contract Packaging Market in Europe appears to be fragmented due to the presence of many vendors. This industry research report offers information about the competitive environment among players in this market. Major players include Budelpack Poortvliet BV, Cygnia Logistics (Dalepak Ltd), and Complete Co-Packing Services Ltd.

In August 2022, Cygnia increased its sustainability efforts across all of its activities to better support its employees and the environment. DC7, its newest warehouse, was expected to be the first of our locations to achieve carbon neutrality due to the growth of rooftop solar generation and Tesla battery storage that is being contemplated. The cutting-edge building at our Northampton headquarters was created with sustainability objectives in mind from the beginning and includes natural warehouse daylighting, energy-efficient and motion sensor LED lighting and rainwater collection.

In August 2022, Windfall Logistics of St. Albans, an FMCG supply chain specialist, and Boughey formed a new partnership to

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improve service for around 100 of Boughey's existing customers. The brands were expected to have access to a dedicated one-stop service through the connection with Windfall Logistics, including standardization and automation of order placement, consolidated and cost-effective transportation, and access to trading accounts, Managing sales orders, billing, and credit control; and decreased order processing times and procurement costs.

Additional Benefits:

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

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