

Indonesia Folding Carton Packaging - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Indonesia Folding Carton Packaging Market size is estimated at USD 5.08 billion in 2024, and is expected to reach USD 6.63 billion by 2029, growing at a CAGR of 5.47% during the forecast period (2024-2029).

Increases in income levels, owing to higher employment levels and minimum wages, are supporting the growing middle class in the country. This is leading them to increase their budget for consumer products. The demand for personal care and cosmetics, especially skin, makeup, and hair care products, is witnessing rapid growth.

Key Highlights

- The increasing concerns of Indonesia associated with packaging wastes are likely to compel them to adopt environment-friendly options, such as folding cartons, as a viable choice for packaging. Moreover, the Indonesian government committed to putting a national ban on single-use plastic. This started on January 1, 2030 (Regulation of the Ministry of Environment and Forestry No. 75 of 2019). Such instances cater to the adoption of eco-friendly packaging, considering folding cartons.
- According to the United Nations COMTRADE database on international trade, Indonesian exports of paper and paperboard, articles of pulp, writing, and board were worth USD 4.19 billion in 2020. The export value to China is the highest, where the export of cartons, boxes, cases, and other packing containers was USD 1.23 million in 2020. The higher disposable income of Indonesian consumers fuels the demand for better quality packaging and different packaging formats. For instance, according to Trading Economics, consumer spending in the country increased to IDR 1510647.20 billion in the fourth quarter of 2021 from IDR 1466518.30 billion in the third quarter of 2021.
- With the increasing trend of low-income households, cosmetic and personal care demand suffered drastically. As of September 2020, most respondents in Indonesia stated that they used face powder, lipstick, and foundation before the COVID-19 pandemic, as asserted by approximately 87, 74, and 51% of them, respectively. However, the overall usage rate of makeup products

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declined during the COVID-19 pandemic (source: JakPat). This majorly affected the packaging segment, especially the folding carton segment.

-The Covid-19 pandemic that has entered Indonesia since March 2020 has hit various industrial sectors, one of which is electronics. The local electronics manufacturing industry faces several challenges during the acute phase of the pandemic, including declining demand due to the economic crisis causing households to delay purchases of non-essential goods and supply chain bottlenecks for spare parts and components due to restrictions imposed. Based on industry experts, Indonesia's spending on consumer electronic products experienced a contraction in 2020 of around 3.1% compared to 2019.

-Online shopping is gradually becoming a significant mainstream in Indonesia, with more consumers preferring it due to its convenience. This shift became even more prevalent during the COVID-19 pandemic, with the strict lockdown and social distancing rules being in place. The government collaborated with the Indonesian E-Commerce Association to push consumer spending during the pandemic. It rolled out the programs for around 2,500 SMEs, providing training on utilizing e-commerce platforms for increasing sales.

-The prices of raw materials for folding cartons packaging are volatile, due to which manufacturers have to adjust the end price accordingly or reduce the cost of operations to maximize the profit. Most of the raw materials, such as chemicals, are derived from crude oil, which is primarily utilized during the manufacturing process.

-Moreover, the cost of raw materials remains one of the top concerns for food industries and manufacturers. Regarding the extreme price volatility of raw materials, it becomes a real challenge for food companies to stay competitive and assure sustainable margins.

Indonesia Folding Carton Packaging Market Trends

Food and Beverages Segment Occupies the Largest Share

- The demand for folding carton food and beverage packaging solutions is mainly driven by millennial customers in Indonesia, as they prefer environmentally friendly packaging and on-the-go food. As these products are primarily designed to be portable, durable, and lightweight, folding cartons can be a well-suited option to pack such products. Also, the increasing number of online food deliveries has been driving the growth of folding cartons in the country.

- According to Statistics Indonesia (Government Institute of Indonesia), as of 2020, approximately 34.27% of the country's food per capita was spent on prepared food and beverages. Additionally, about 7.52% and 4.99% of expenditure on food per capita in Indonesia were spent on vegetables and fruits.

- Further, the country is known for its exports of food products and dairy products to other countries. According to Statistics Indonesia, in 2020, the total export value of manufacture of vegetable and animal oils and fats from Indonesia amounted to approximately USD 21.2 billion, followed by Fish and seafood being USD 4.49 Billion.

- Increased spending on bakery and cereal bars, short-run ready meals and delivery of coffee or hot chocolate, dehydrated and dry foods (instant soup, gravy and sauce packets, rice, and food mixes), snack foods and nuts, spice foods, chocolates and sweets, ice-cream novelties, and bakery products, such as cookies (biscuits), cakes, and chips, have increased considerably in Indonesia during the past few years, driving the growth of folding carton in the country.

Healthcare to Witness Significant Growth

- The aesthetics of pharma and healthcare packaging is becoming more and more important in the country. When sold over-the-counter, it is no longer considered a functional entity but an asset to attract attention. Supplements and vitamins have been around for a long time, and sales in Indonesia continue to grow as consumer interest grows in eye-catching packages.

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- The rising cases of COVID-19 have driven the demand for certain pharmaceutical and healthcare products. For instance, in January 2021, Indonesia declared the Chinese Sinovac vaccine 'halal' and cleared it for public usage. Jakarta signed agreements with Sinovac for millions of doses of the vaccine, which requires two injections. Some 3 million doses have already arrived in the huge archipelago nation and are being distributed in preparation for rollout. Indonesia has also signed agreements with other companies, including Novavax and AstraZeneca. The bulk transporting of vaccines within the country is driving the demand for folding carton packaging.
- Moreover, according to a survey from YouGov, the share of people willing to accept the COVID-19 vaccine in Indonesia increased from 60% in December 2020 to 94% in March 2022. This strong growth in the adoption rate is also fueling the demand for folding boxes in the country.
- The growing demand for eco-friendly and sustainable packaging in the healthcare segment is paving the way for folding carton packaging. For instance, in February 2022, Bayer AG, a global pharmaceutical and life sciences company that has its manufacturing site in Indonesia, initiated several activities, including its recent investment in sustainable health products, to advance the company's 2030 sustainability commitments. The company has invested EUR 100 million to enable further sustainable innovation, production, and consumption of Consumer Health products, including global brands such as Aspirin, Bepanthen, Claritin, and Elevit.
- The increased spending on the healthcare industry supported by government initiatives and schemes across the studied region directly impacts the growth of the overall industry, which in turn is expected to favor the usage of folding carton packaging for bulk shipping of pharmaceuticals and healthcare products.

Indonesia Folding Carton Packaging Industry Overview

The Indonesian folding carton packaging market is fragmented as the market has the presence of international and local vendors. Notably, to garner market share and compete vigorously, the companies are adopting diverse strategies, such as mergers and acquisitions. Vendors, such as AR Packaging, entered the market by acquiring domestic company PT Maju Jaya Sarana Grafika. Key players are Industri Pembungkus Internasional Pt, PT. Fajar Surya Wisesa Tbk, Pt. Metaform (Kompas Gramedia), etc. Recent developments in the market are -

- August 2021 - Asia Pulp & Paper (APP) Sinar Mas announced the start-up of its newest coating machine at its Indah Kiat Serang mill. The new coaster will allow the company to increase capacity to over 60,000 metric tons per year with its award-winning Foopak Bio Natura suite of biodegradable, compostable, and recyclable packaging boards designed for cups and trays, and containers, further extending its global reach.

Additional Benefits:

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

Table of Contents:

1 INTRODUCTION

- 1.1 Study Assumptions and Market Definition
- 1.2 Scope of the Study

2 RESEARCH METHODOLOGY

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3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

- 4.1 Market Overview
- 4.2 Industry Attractiveness - Porter's Five Force Analysis
 - 4.2.1 Threat of New Entrants
 - 4.2.2 Bargaining Power of Buyers/Consumers
 - 4.2.3 Bargaining Power of Suppliers
 - 4.2.4 Threat of Substitute Products
 - 4.2.5 Intensity of Competitive Rivalry
- 4.3 Assessment of the Impact of COVID-19 on the Market

5 MARKET DYNAMICS

- 5.1 Market Drivers
 - 5.1.1 Increasing Demand for Eco Friendly Packaging
 - 5.1.2 Increase in Adoption of Folding Carton by Different Industries
- 5.2 Market Restraints
 - 5.2.1 Fluctuations in the Price of Raw Materials
- 5.3 Industry Value Chain Analysis
- 5.4 Trade Scenario Analysis - Import & Export Analysis Of Corresponding HS Codes
- 5.5 Analysis Of Cartonboard & Recovered Paper In Indonesia

6 MARKET SEGMENTATION

- 6.1 By End-User Industry
 - 6.1.1 Food and Beverages
 - 6.1.2 Healthcare
 - 6.1.3 Household and Personal Care
 - 6.1.4 Industrial
 - 6.1.5 Other End-user Industries

7 COMPETITIVE LANDSCAPE

- 7.1 Company Profiles
 - 7.1.1 Industri Pembungkus Internasional Pt
 - 7.1.2 PT. Fajar Surya Wisesa Tbk
 - 7.1.3 Pt. Metaform (Kompas Gramedia)
 - 7.1.4 AR Packaging (CVC Capital Partners SICAV-FIS S.A)
 - 7.1.5 Rengo Co. Ltd
 - 7.1.6 APP (Asia Pulp & Paper)
 - 7.1.7 PT Pabrik Kertas Indonesia (PT Pakerin
 - 7.1.8 PT Kanepackage Indonesia
 - 7.1.9 PT Asia Carton Lestari
 - 7.1.10 Teguh Group
 - 7.1.11 PT Pura Barutama

8 FUTURE OF THE MARKET

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