

North America Protective Packaging - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The North America Protective Packaging Market size is estimated at USD 9.36 billion in 2024, and is expected to reach USD 10.87 billion by 2029, growing at a CAGR of 3.05% during the forecast period (2024-2029).

The demand for protective packaging in North America is predicted to rise due to the introduction of biodegradable plastics. It aids in lowering carbon emissions and plastic pollution nationwide.

Key Highlights

- Protective packaging emerged as one of the most effective packaging techniques used for packaging in various end-user industries, such as consumer electronics, pharmaceutical, and automotive, that safeguard and shield core products from damage during transportation or storage.
- Further, with the rise in e-commerce in the North American region, purchases are the key factor expected to boost the demand for protective packaging. The increasing trend of online purchasing by consumers and the readiness of manufacturers for direct sales augment the innovation in product offerings. Moreover, it drives the vendors for changes in product design, packaging, picking, fulfillment, and shipping. As a result, product protection is considered one of the most important issues among end users.
- The exponential growth of e-commerce, technological advancements resulting in customized packaging solution needs, and the availability of different packaging options, such as transparency of materials to allow product visibility, adhesive films, and edge protection of consumer electronics items like TVs, are primarily changing the way most companies choose these products. The US Gross Domestic Product (GDP) per capita was last estimated at USD 69288 in 2021, according to data from the World Bank. American GDP per capita is 485 percent more than the global average. The significant per capita income in the nation increases the purchasing power of the citizens and may cause an increase in online sales, which will raise the need for protective packaging.
- Moreover, automated packaging solutions are also witnessing increasing adoption, as they reduce labor and waste while

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increasing processing speeds for high-volume packaging. Also, the market is witnessing constant efforts and increased investments to develop eco-friendly and sustainable protective packaging materials, which can be recycled and reused.

- Consumer confusion has arisen due to promises that plastic products are biodegradable and environment-friendly. The end-of-life conditions to which plastic items are exposed significantly impact the rate and extent of degradation. As a result, California and the federal government have tightened environmental marketing claims rules. California's laws regulate selling degradable plastic products, including those claimed to be compostable or biodegradable. Environmental marketing claims must be supported by competent and credible scientific facts and adhere to predetermined standards to avoid misleading consumers about the environmental impact of degradable plastic products, such as bags, food service ware, and packaging.
- With the outbreak of COVID-19, the market for protective packaging is witnessing significant growth owing to a rise in demand from e-commerce, pharmaceutical, and other end-user industries.

North America Protective Packaging Market Trends

Increasing Trend of E-commerce to Augment the Market Growth

- The demand for protective packaging in the e-commerce industry is set to witness unprecedented growth due to rapid strides in the sales of consumer electronics in e-retailing. This market segment was non-existent a decade ago. However, the pace of change in e-commerce has picked up and given rise to this fledgling segment in the e-commerce protective packaging market.
- E-commerce has become a superior choice for consumers to purchase goods during the last decade. The rising internet penetration, growing access to the internet across most of the population in developing economies, increasing smartphone penetration, increasing technology, and rapid urbanization have created a massive opportunity for the e-commerce market.
- The market's rapid growth is primarily driven by fashion and apparel, consumer electronics, and personal care industries. Considerable investments in the consumer electronics, personal care, and fashion and clothing end-user industries are creating scope for expansion of packaging opportunities such as protective packaging.
- In the United States, e-commerce continues to grow dramatically, putting pressure on traditional retail. Also, sales of consumer-packaged goods, long confined to conventional retail channels, are exploding online, with growth rates, in many cases, more than 50% Y-o-Y. Also, the Q4 2021 retail e-commerce sales accounted for USD 244.144 billion, according to the US Census Bureau.
- Moreover, when it comes to packaging for online shopping, an enjoyable unboxing experience, where the consumers experience receiving, opening, and engaging with primary and secondary packaging, is also a major factor that can help drive consumer engagement, ultimately driving brand loyalty. Protective packaging allows e-commerce players to package their products where the unboxing experience for consumers remains good without any product damage.

The United States Holds a Significant Market Share

- The region is witnessing significant demand from the consumer electronics segment. According to the Consumer Technology Association, the consumer electronics industry in the United States is expected to grow by 4.3% Y-o-Y. With the increasing demand for consumer electronics, the need for protective packaging will likely increase during the forecast period.
- Consumer durables are items that consumers use for an extended period, usually for years. Hence packing is crucial to ensuring that these products get to the consumer in pristine condition. Such products frequently carry the risk of being handled improperly while being transported. These are also susceptible to stress and vibration. As a result, packaging becomes difficult, and protective packaging is often used.
- According to the United States Census Bureau, exports of durable goods totaled USD 2922.98 billion in 2021, up 11.26% over the

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previous year's value of shipments of USD 2627.16 billion. The country's consumption of protective packaging may increase due to the sharp growth in exports of durable goods. Regional vendors are innovating and offering various protective packaging products in the region. Moreover, the area has been witnessing new partnerships and merger and acquisition activities to address new challenges emerging in the market and drive growth.

- For instance, in October 2021, Altor Solutions acquired the protective packaging firm Plymouth Foam for USD 56 million.

Plymouth Foam offers custom protective packaging, cold chain packaging, and internal components made from expanded polystyrene and polypropylene. The partnership enables Altor to access a range of clients across different end markets in the United States, including food and beverage, pharmaceuticals, recreational vehicles, and construction.

- However, as supply concerns mounted, merchants like Amazon began storing cardboard to fulfill demand, leaving smaller firms without supplies. According to the Producer Price Index and the US Bureau of Labor Statistics, the price of cardboard hit a new high in February 2021. In July 2021, International Paper, one of the country's top suppliers of containerboard and corrugated cardboard, warned investors that the supply of cardboard boxes was "very low," with supply chain bottlenecks continuing into the rest of the year.

- In January 2022, Ohio-based Greif Inc., industrial packaging products and service provider, announced that it is implementing a USD 50 per ton price increase for all grades of uncoated recycled paperboard (URB) and a minimum 6.0% increase on all tube and core and protective packaging products. The company stated that an increase in protective packaging products would be effective with shipments on and after March 2022.

North America Protective Packaging Industry Overview

The North American protective packaging market is consolidated and consists of a few players generating significant revenue share in the market and providing the products and solutions. Vendors in the market focus on product innovations and strategic initiatives such as mergers and acquisitions and partnerships to capture the market share. Some of the recent developments in the market are:

- June 2022 - The acquisition of Intertape Polymer Group Inc. was announced by Clearlake Capital Group, L.P. The purchase was disclosed on March 8, 2022. On May 11, 2022, IPG shareholders approved the deal. Following the contract terms, Clearlake acquired the outstanding shares of IPG common stock for CDN 40.50 each. IPG is now a privately held business due to the deal, and its common stock is no longer listed on the stock exchange.

- October 2021 - Smurfit Kappa launched various circular protection packaging solutions for the fast-growing e-health and beauty market. The customizable eHealth and Beauty portfolio includes sustainable paper-based packaging solutions ideal for shipping fragile products such as fragrances, cosmetics, skincare, and hair care products and tamper-proof packaging solutions designed for vitamins, supplements, and sports nutrition.

- August 2021 - Huhtamaki signed an agreement to acquire Elif, a leading supplier of flexible packaging, for EUR 421 million. With this acquisition, Hutamaki hopes to strengthen its position as a leading flexible packaging company in emerging markets and strengthen its existing flexible protective packaging business in the consumer goods category while advancing its sustainability goals. Elif also offers industrial protective packaging films.

Additional Benefits:

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

Table of Contents:

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1 INTRODUCTION

1.1 Study Assumptions and Market Definition

1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

4.1 Market Overview

4.2 Industry Attractiveness - Porter's Five Forces Analysis

4.2.1 Bargaining Power of Suppliers

4.2.2 Bargaining Power of Buyers

4.2.3 Threat of New Entrants

4.2.4 Threat of Substitute Products

4.2.5 Intensity of Competitive Rivalry

4.3 Industry Value Chain Analysis

4.4 Assessment of the Impact of COVID-19 on the Market

5 MARKET DYNAMICS

5.1 Market Drivers

5.1.1 Growing Demand for E-commerce-based Products

5.1.2 Demand for Flexible Protective Packaging Products

5.2 Market Challenges

5.2.1 Stringent Regulations Related to Degradability

6 MARKET SEGMENTATION

6.1 Product Type

6.1.1 Rigid

6.1.1.1 Corrugated Paperboard Protectors

6.1.1.2 Molded Pulp

6.1.1.3 Insulated Shipping Containers

6.1.2 Flexible

6.1.2.1 Protective Mailers

6.1.2.2 Bubble Wraps

6.1.2.3 Air Pillows/Air Bags

6.1.2.4 Paper Fill

6.1.2.5 Other Flexible Products

6.1.3 Foam

6.1.3.1 Molded Foam

6.1.3.2 Foam in Place (FIP)

6.1.3.3 Loose Fill

6.1.3.4 Foam Rolls/Sheets

6.1.3.5 Other Foam Products

6.2 End-user Vertical

6.2.1 Food and Beverage

6.2.2 Industrial

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- 6.2.3 Pharmaceuticals
- 6.2.4 Consumer Electronics
- 6.2.5 Beauty and Home Care
- 6.2.6 Other End-user Verticals
- 6.3 Geography
 - 6.3.1 United States
 - 6.3.2 Canada

7 COMPETITIVE LANDSCAPE

- 7.1 Company Profiles
 - 7.1.1 Intertape Polymer Group Inc.
 - 7.1.2 Pregis LLC
 - 7.1.3 Riverside Paper Co.
 - 7.1.4 Sealed Air Corporation
 - 7.1.5 Sonoco Products Company
 - 7.1.6 Smurfit Kappa Group
 - 7.1.7 DS Smith PLC
 - 7.1.8 International Paper Company
 - 7.1.9 Pro-pac Packaging Limited

8 INVESTMENT ANALYSIS

9 FUTURE OF THE MARKET

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