

Paper Straw - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Paper Straw Market size is estimated at USD 2.05 billion in 2024, and is expected to reach USD 5.52 billion by 2029, growing at a CAGR of 21.93% during the forecast period (2024-2029).

The increasing demand for paper straw papers across various end-user industries is anticipated to fuel market expansion.

Key Highlights

- The growing demand for environment-friendly products is the key factor driving the market's growth. There are various government initiatives to reduce plastic use and stringent laws that restrict using conventional plastic materials in the production of utensils. Typically, paper materials are adaptable, changeable, light, strong, and recyclable. They can be made in a wide range of colors, forms, and sizes to satisfy the client's needs. The rapidly growing global food and beverage industry is acting as another growth-inducing factor.
- However, the high cost associated with paper straws and the availability of the low price substitute can hinder the market's growth. According to PacknWood, paper straws cost about USD 0.025, which is significantly higher than USD 0.005 for plastic straws.
- The COVID-19 pandemic has had a complex effect on the paper straw industry. The supply and demand of paper straws in the market were affected by the closure of food service establishments and restaurants and a disruption in supply chain management. However, the rising trend in online food ordering and the growing demand for paper straws in hospitals for the intake of liquid medications are driving paper straw sales.

Paper Straw Market Trends

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Foodservice sector to Drive the Market

- Numerous cafes and restaurants have focused more on curbside pickup or carryout only. Some stores reduced their in-store capacity and established inventive delivery options to ensure food delivery during the lockdowns. The food and beverage industry is anticipated to increase paper straw demand significantly. This is mainly because of the growing need for hygiene products, which has made paper a viable packaging material.
- According to StatsCan, there was expected to be a growing trend in food service and drinking places in Canada during the first half of 2022. The sale value in January 2022 amounted to USD 3.32 billion, which rose to USD 5.79 billion in July 2022. This growing trend signifies the upward movement in food and beverage sales, which directly pushes the demand for paper straws in the food and drinking places in the period above across the country.
- Notably, single-use plastics are expected to be banned from sale in Canada by December 2023 (barring certain exceptions). For players in the straw market, the food service sector would continue to be their primary source of income. In recent years, various countries have banned restaurants from giving out plastic straws. Due to this, multiple companies are choosing other alternative materials for their cutlery and straws.
- For instance, in October 2021, McDonald's Canada stated it would eliminate plastic cutlery, stir sticks, and straws by December 2021. The phase-out occurred at more than 1,400 Canadian locations and comes as the government of Canada moves to ban single-use plastics, with regulations finalized by the end of 2021. As of November 2021, wooden cutlery and stir sticks were already being rolled out in restaurants, along with paper straws, as of November 2021. McDonald's aims to use 100% recycled, renewable, or reusable materials in all its customers' packaging by 2025.
- The healthy growth of end-users, such as quick-service restaurants, full-service restaurants, and coffee and snack outlets, requiring convenient packaging is expected to drive the need to produce higher packaging formats. The trend of consistent growth of food chains is proportionately increasing the demand for the market. According to McDonald's, in 2022, it operated and franchised 40,275 locations globally, an increase over the 40,031 stores it used in 2021. During the past 17 years, the company has seen growth in restaurants year over year.

Asia-Pacific to Witness Fastest Growth

- The factor driving the growth of the virgin paper packaging market is its lightweight property, which allows the product to be efficiently transported. Customized packaging for different brands is currently in the critical interest of customers in the virgin paper packaging market. However, the rapidly increasing cost of the raw material is restraining the virgin paper packaging market.
- The primary reason driving the growth of the paper packaging market is the growing awareness of the benefits of adopting sustainable and environmentally friendly packaging materials. Strong paper recycling initiatives in several countries are creating opportunities for market growth. Increasing competition from flexible plastic packaging is the most significant constraint impacting the paper packaging market across the region.
- From July 2022, India planned to ban the manufacturing, importing, storing, distributing, selling, and using of various single-use plastic products, including straws. Against this backdrop, the ban on plastic straws will limit the sale of small packs of soft drinks that are popular with the Indian public. But the prohibition extends to plastic straws, an essential accessory in small packages, so soft drink companies were expected to be impacted. Such bans drive the market for paper straws in the country.
- Fast-food chains are focused on innovating new solutions in the region. For instance, in October 2022, McDonald's Japan adopted paper straws and wooden utensils at all locations, which the fast-food chain anticipated would eliminate 900 metric tons of plastic waste annually. The chain will stop offering plastic straws and forks as supplies run out at roughly 2,900 locations nationwide. The change by McDonald's, which comes after Japan enacted a law in April to reduce single-use plastics, widens the restaurant

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industry's efforts to balance fast, low-cost courtesy, and sustainability.

- Furthermore, in June 2022, Lamipak, one of the industry leaders in aseptic packaging products and solutions, announced the launch of U-shape paper straw solutions for the Indian market. Lamipak intends to deliver beverage companies impacted by the plastic straw ban a swift and reliable solution. The company has a production line for U-shaped paper straws in China and plans to expand production capacity in Indonesia by the third quarter of 2023. When fully launched, both paper straw lines will have a combined capacity of 200 million paper straws per month, with an additional 100 million per month planned for 2023.

- Plastic waste is a significant and persistent environmental problem, prompting governments and businesses to rethink their approaches and implement green initiatives such as recycling and using alternative biodegradable materials. Nestle (Thailand) meets the challenge by making MILO Thailand the first UHT brand to introduce the first flexible paper straws and winning the Green Initiative of the Year-Thailand award at the FMCG Asia Awards 2022. All such initiatives by the companies operating in the region will increase the market growth for paper straws across the region over the forecast period.

Paper Straw Industry Overview

The market for paper straw is quite fragmented. UFlex Limited, Hoffmaster Group Inc., Fuling Global Inc., Canada Brown Eco Products Ltd, and Huhtamaki OYJ are among the major companies. The corporations continue to innovate and form strategic partnerships to maintain their market share.

In April 2022, Ulfex introduced its U-Shape Paper Straw, aimed to produce 100 million straws in the first month and 200 million in the following months. Ulfex also intended to create 2.4 billion straws every year.

Additional Benefits:

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

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