

Australia Contract Packaging - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Australia Contract Packaging Market size is estimated at USD 435.14 million in 2025, and is expected to reach USD 693.19 million by 2030, at a CAGR of 9.76% during the forecast period (2025-2030).

Key Highlights

- In recent years, contract packaging services in Australia have witnessed significant growth, owing to the changing preference of manufacturing firms toward contract packagers, as they increasingly focus on cost optimization to enhance their core competency. Many industry experts claim that these services can reduce operational costs by 7-10% due to the reduced maintenance costs of machines and labor costs.
- Packaging regulations are evolving rapidly, especially for food and beverage products. Meeting stringent regulations and norms requires several inspection and quality check operations. By outsourcing packaging activities, the hectic task of meeting such regulations is passed on to the contract packaging agency, motivating more manufacturers to prefer contract packages over in-house packaging activities.
- According to the article published by the Food Packaging Forum in Australia in August 2023, Australian environment ministers agreed to reduce toxic chemicals in food packaging, develop packaging design guidelines and objectives, and harmonize curbside recycling schemes. Several new packaging guidelines across the country are likely to strengthen the demand for contract packaging.
- The growth of the e-commerce industry in Australia is also emerging as one of the major factors driving the market's growth. This trend encourages contract packaging and logistic companies to utilize the packing opportunity to gain control over the value chain. However, contract packaging can be time-consuming, as products are transported several times between manufacturers and packagers, thus increasing the potential for damage. In the case of a liquid product, the percentage would be higher since damage to one bottle can destroy multiple cases. The Australian contract packaging market is witnessing stringent demand from

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in-house packaging manufacturers.

- Furthermore, the dynamic packaging landscape poses a significant challenge for contract packaging providers, potentially hindering market growth. To remain competitive, these providers must continuously adapt to evolving consumer preferences and demands. This adaptation is crucial for fulfilling the changing requirements of the market and ensuring sustained growth.
- Supply chains, notably in the end-user industries, faced significant disruption and difficulty during COVID-19 when governments closed their borders or imposed trade restrictions. On the other hand, sales through online retail channels significantly contributed to market penetration. The increased demand from the food and beverage and pharmaceutical industries was further fueled by the pandemic. The growth of the e-commerce industry in Australia is expected to be one of the major factors driving the Australian contract packaging market.

Australia Contract Packaging Market Trends

Secondary Packaging is Expected to Drive Market Growth

- The secondary packaging type is expected to drive demand for the contract packaging market in Australia as it is essential for every manufacturer across industries for product protection, branding, marketing, and to increase the shelf-life extension of the products. Secondary packaging includes cardboard boxes, pouches, and shrink wraps.
- The surge in online shopping in Australia is increasing the demand for e-commerce-friendly packaging, which often involves secondary packaging that secures the products in transit and is easy to open for consumers. The contract manufacturers can handle the specific requirements of e-commerce packaging, allowing manufacturers to focus on core production. For instance, according to the Australian Bureau of Statistics, in April 2024, the monthly online retail revenue generated in Australia amounted to just over USD 2.88 billion (AUD 4.27 billion) compared to USD 2.54 billion (AUD 3.77 billion) in April 2023.
- FMCG products often experience seasonal fluctuations in demand, such as during festivals or specific promotional periods. Contract packing services allow businesses to scale up or down their packaging operations based on these fluctuations without investing in additional infrastructure or labor. According to the Australian Bureau of Statistics, in December 2023, the gross value added (GVA) by the retail trade industry in Australia amounted to around USD 63.52 billion (AUD 95 billion). Growth in sales at supermarkets and grocery stores shows that demand for FMCG goods is increasing. As retail sales increase, the production and distribution of FMCG goods are also likely to increase. This increased product volume, often requiring secondary packaging, is expected to drive market growth.
- Moreover, as many companies in Australia are expanding their product lines and offering more variations of existing products, they are necessitating an increased need for efficient and scalable packaging solutions, which co-packagers offer. For instance, P&G launched four new products in the market based on trending skincare ingredients, such as niacinamide and vitamin C, and tapped into the accelerating serum segment that registered significant growth in the past two years.

Food Industry to be the Largest End User

- Increasing consumer purchases from supermarkets, grocers, and other retail outlets are set to drive the demand for contract packaging, particularly in the food industry. As per the Australian Bureau of Statistics, in 2023, supermarkets and grocery stores in Australia reported a substantial annual revenue of USD 92.70 billion compared to USD 87.92 billion in 2022. This surge in revenue underscores the growing need for contract packaging services in the food industry.
- Australia's food production plays a pivotal role in the nation's economy, contributing significantly to both its economic output and employment landscape. The industry's standing for high-quality offerings makes it particularly attractive to Australian exporters. The meat, fresh vegetable, and processed food industries are experiencing notable growth in the country. Moreover,

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the fresh food segment is thriving, bolstered by health and wellness trends. As Australia's food industry expands, the contract packaging market is anticipated to benefit from both retailers and consumers seeking packaging solutions tailored to their needs. With the industry evolving and responding to changing consumer preferences, there is a rising demand for innovative and eco-friendly packaging solutions.

- Consumers in Australia are increasingly concerned about the environmental impact of food packaging. As a result, there is a growing shift toward sustainable packaging materials and practices. A study by the Australian Packaging Covenant Organization (APCO) reported a 15% increase in the use of recyclable and eco-friendly materials in food packaging between 2020 and 2022. Thus, to adopt sustainable packaging in their products, food manufacturers are collaborating with contract packaging manufacturers to focus on their core production activities.
- Veolia's recent research uncovered that 80% of Australians were influenced by the composition of a product's packaging in their purchasing decisions. About 62% of the population expressed their willingness to pay a higher price for everyday consumables if it guarantees that the packaging will not end up in a landfill, and 89% of individuals believed that manufacturers should be obligated to use recyclable product packaging. These trends reflect the evolving consumer landscape and stringent regulatory requirements, prompting food manufacturers to seek specialized contract packaging services.
- The capacity to package uncooked food in climate-controlled, refrigerated, and frozen products/conditions, combined with a highly automated secondary co-pack plant, presents a unique opportunity to the market. Transforming into an all-inclusive supplier allows customers to minimize their supply chain and lessen their dependence on imported products. Customers are requesting a more extensive range of products and those that are considered "better for you." The growth of this market is accelerating due to social media. Contract packaging offers the possibility of launching several new products on a small scale to determine their viability and then scale up successful launches to full national rollouts.

Australia Contract Packaging Market Overview

The Australian contract packaging market is fragmented with the presence of major players like Multipack-LJM (Probiotec Limited), Rapid Pak, Pakco, Outsource Packaging, and FoodPak. Players in the market are adopting strategies such as partnerships and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

- August 2023: The Boxed Beverage Company, an Australian startup, collaborated with global food and beverage packaging company Tetra Pak and launched Waterbox to package alkaline water in a plant-based carton bottle. The new product, sourced directly from Cottonwood Springs in Victoria, boasts a climate change impact eight times lower than that of traditional PET (polyethylene terephthalate) bottled water over its lifecycle in Australia and New Zealand.

Additional Benefits:

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

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