

Europe Contract Packaging - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

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 to ensure storage and safe transportation of the product. 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 product packaging, ensuring a cost-efficient, seamless process. 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 and beverage, and electronics, is rising. Thus, the growth of the abovementioned industries is projected to impact the contract packaging market favorably.

The market is also witnessing the emergence of associations and organizations to create more awareness in the market studied. The European Co-Packers Association

(ECPA) 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. As per Pharmapack Europe, the outlook for pharma services in 2024 is set to improve, with 94% of the industry either 'moderately positive' (37%) or 'highly positive' (37%) on growth for contract packaging.

End-user companies, like Unilever, Mars, and Kraft, are also opting 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 contract packaging vendors examined these regional offers.

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 primary focus of the established packaging players on outsourcing their operational and production activities may propel the market for contract packaging and open up a vast opportunity for product innovations in the industry.

Europe Contract Packaging Market Trends

E-commerce to Show Significant Growth

Western Europe has a well-established e-commerce market 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, in France, the e-commerce sector (products and services combined) was valued at EUR 159.9 billion (USD 173.05 billion) in 2023, an increase of 10.5% from the previous year. The high growth in e-commerce increases the demand for third-party packaging vendors to ensure timely delivery, reduced returns, and optimization process efficiency. Such factors act as a driver for the expansion of Europe's contract packaging market.

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 are expected to drive growth in the European contract packaging market throughout the forecast period.

German consumers are highly demanding and well-informed. Value for money is a crucial 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 inclined toward knowing 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. As per the news published by Alizila in November 2023, Alibaba.com is set to explore opportunities to grow in Europe as small businesses are migrating toward online platforms. The proliferation of artificial intelligence and digital tools are integrated to ease cross-border trade.

As per the BEVH (Bundesverband E-Commerce und Versandhandel Deutschland eV) data, e-commerce sales in Germany stood at EUR 79.70 billion (USD 86.25 Billion) in 2023. The high growth in e-commerce sales enables the e-commerce giants to outsource their packaging for a seamless process, ensuring timely delivery. This factor is set to drive the contract packaging market in the coming years.

United Kingdom is Expected to Witness Significant Growth

The packaging industry in the United Kingdom has been witnessing significant growth due to the country's increased manufacturing activities. 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.

The vendors of consumer packaged goods (CPG) 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. Manufacturers are increasingly outsourcing 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.

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 are propelling the demand for pharmaceutical contract packaging in the area.

In the last decade, regulations for plastic use have increased, which is anticipated to affect the market significantly. 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, has its facilities housed in the same regulatory-approved, GDP-compliant storage facility as the logistics service. Alloga has a manufacturer's (assembly) license (MIA and ManA) and 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 significant 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. A report published by Sustainable Plastics in September 2023 stated that online shoppers in the United Kingdom preferred high-quality packaging that was either recyclable or reusable while also reducing any unnecessary waste.

The United Kingdom has the most developed e-commerce market in Europe. As per an article from Charles, published in January 2024, in 2023, the country included nearly 60 million e-commerce users, with a minor population of non-digital buyers. With the extensive online shopping industry influencing UK consumers daily, ample growth opportunities are available to support the market growth.

As per the Office of National Statistics (United Kingdom), in November 2023, internet sales as a percentage of total retail sales in Great Britain stood at 30.7%, indicating a significant increase compared with the previous month when online retail sales accounted for 26.30% of total retail sales. The rise further increases the demand for contract packaging in the region.

Europe Contract Packaging Industry Overview

The contract packaging market in Europe is fragmented due to the presence of many vendors. The 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 May 2023, Adare Pharma Solutions, a global technology-driven CDMO focused on oral dosage forms, announced the addition of packaging capabilities and further warehousing capacity at its Pessano facility in Milan, Italy. The two-story 2,800 square-meter extension at the site enables it to accommodate a new packaging line in a purpose-built packaging hall.

In January 2023, Budelpack invested EUR 300,000 (USD 322,002) in packaging equipment and facilities. Four of the 20 currently operating packaging lines have been combined and further automated within the building. Due to these investments, operators and packing staff can be deployed more effectively, and automation of the final packaging process requires fewer labor hours.

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