

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

<https://marketpublishers.com/r/I4397C384A2AEN.html>

Date: July 2024

Pages: 103

Price: US\$ 4,750.00 (Single User License)

ID: I4397C384A2AEN

Abstracts

The Indonesia Paper Packaging Market size is estimated at USD 14.28 billion in 2024, and is expected to reach USD 19.18 billion by 2029, growing at a CAGR of 6.07% during the forecast period (2024-2029).

Key Highlights

The presence of numerous paper mills in Indonesia bolsters the availability and affordability of paper packaging materials, driving demand across diverse sectors. For instance, as per the news published by Paper Desk in November 2023, Indonesia's pulp and paper industry (IPPI) consists of 112 industries with a total capacity of 11.45 million tons of pulp and 20.65 million tons of paper, contributing significantly to the country's economy.

Domestic industries like e-commerce, food delivery services, etc., would continue to grow, and so will the consumption of pulp and paper products. This presents significant market entry and investment opportunities across the country.

The increase in the paper packaging sector in Indonesia is driven by the expansion of the retail and e-commerce sectors and the demand for eco-conscious packaging solutions in the region. According to Trading Economics, retail sales in Indonesia increased by 6.4% year-on-year in February 2024, sharply picking up from a 1.1% growth in the previous month. There is a growing need for affordable secondary corrugated board packaging since the logistics chain for direct-to-consumer delivery is getting more complicated. E-commerce shipments are anticipated to be handled up to 20 times or more during ordinary

distribution.

With online retailers' growing sales, they naturally need more packing and shipping supplies. This is one of the reasons for the current and future growth of the corrugated boxes market. Corrugated boxes are becoming the material of preference for online-based delivery channels due to the rising need for sustainability.

Paper packaging also finds extensive application in food packaging as it is environmentally sustainable and convenient for consumers. Paper packaging products such as folding cartons and corrugated boxes are ideal for food packaging, specifically for non-greasy items. These boxes are known for their sturdy structures, allowing businesses to transport food products reliably. A corrugated box stores food in a clean and sealed container to minimize spoilage risk.

Indonesia Paper Packaging Market Trends

Corrugated Boxes Expected to Show Significant Adoption

Factors such as urban populations, growing environmental consciousness, the nation's increasing demand for sustainable packaging solutions, the rise in demand for convenient packaging, and the expansion of e-commerce activity are accelerating the growth of the corrugated packaging market in Indonesia.

The usage of corrugated boards for packaging is increasing due to the significant demand for fast-moving consumer goods (FMCG) and branded consumer durables. Corrugated boards are widely used in the food & beverage sector to package processed foods, including bread, snacks, ready-to-eat (RTE) meals, meat products, fruits, durable foods, and beverages.

Foodservice establishments, for instance, use corrugated boxes to package pizza. The demand for catering high-quality packaging services has been driven by a shift in consumer lifestyle and the increased desire for convenience food, fueling the expansion of the corrugated board industry across the country.

Corrugated packaging plays a crucial role in e-commerce by providing robust protection to products during transit, thus reducing shipment returns due to tampered packaging. According to the International Trade Administration report published in January 2024, Indonesia's e-commerce market size was USD 52.93 billion in 2023 and is expected to

reach USD 86.81 billion by 2028. With the rising trend of online shopping, there is a parallel increase in the demand for packaging materials.

The Food and Beverage Industry is Expected to Exhibit Maximum Growth

Paper packaging is being extensively used in the food sector. It is both environmentally beneficial and convenient for consumers. As a result, there is tremendous competition in the food & beverage industry among companies that provide high-quality products to consumers. Various packaging materials, such as cardboard and corrugated boxes, are available to satisfy multiple packaging needs.

The e-commerce platform has gained much attraction in this country's food market. This is because it offers various food products and ensures they are delivered on time and in proper packaging. With the expansion of e-commerce, the demand for food packaging is expected to rise. Innovative packaging preserves the product's quality and extends its shelf-life.

Millennial customers in the country primarily drive the demand for flexible paper packaging solutions, as they favor single-serving and on-the-go food and beverage products. Flexible paper packaging is a common alternative for packing these products because it is meant to be portable, sturdy, and lightweight. The need for flexible packaging from the food and beverage industry in the region is likely to be governed by the fastest-growing categories of snack foods, both fresh goods and processed foods.

The rising per capita income, urbanization, and a young population are expected to boost the country's packaged food and beverage segment's rise. This will help fuel the increase in folding carton packaging in the food retail and restaurant industries. Paper packaging will benefit from growing concerns about the sustainability of plastic packaging.

According to data forecasted by the Organization for Economic Co-operation and Development (OECD), the human consumption of fresh dairy products in Indonesia in 2031 will be around 5.01 kilograms per capita. The study outlines that despite fresh dairy products not being a regular staple in the Indonesian daily diet, dairy products like fresh milk, cheese, and yogurt have gained traction among middle-income families. The rising consumption of dairy products in Indonesia intends to propel the adoption of paper packaging due to its freshness, preservation, and eco-friendly attributes, aligning

with consumer preferences for sustainable packaging solutions.

Indonesia Paper Packaging Industry Overview

The Indonesian paper packaging industry is fragmented due to several prominent market players who hold the majority share. The market players, such as SIG Group AG, PT Industri Pembungkus Internasional, PT Fajar Surya Wisesa Tbk, PT Metaform (Kompas Gramedia), AR Packaging Group AB, and Rengo Co. Ltd, are considering strategic partnerships and collaborations to expand their market share.

January 2024: PT Riau Andalan Paperboard International, part of Asia Pacific Resources International Limited (APRIL Group), initiated the commissioning of its new USD 2.3 billion paperboard manufacturing plant, bringing it a step closer to full-scale commercial production, which is expected later this year. The new paperboard facility focuses on APRIL Group's downstream diversification into high-value-added products as a source of sustainable business growth, leveraging the company's advantage as a fully integrated producer of fiber-based consumer products.

March 2023: SIG launched a 'Recycle for Good' program in Indonesia. The initiative by SIG and the SIG Way Beyond Good Foundation aims to inspire the public to participate in recycling by facilitating the drop-off of recyclable waste like beverage cartons, glass, plastic, and cooking oil at designated collection points, contributing to the circular economy. The 'Recycle for Good' program can positively impact the Indonesia Paper Packaging Market by fostering a recycling culture, increasing demand for recyclable materials, promoting environmental awareness, and aligning with global sustainability goals.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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