

Print Packaging Market and Current Trends

Dr. Markus Heering
VDMA Printing and Paper Technology
2018 International Packaging Print Forum

Print Packaging Market

Print Packaging Market



Print Packaging Landscape

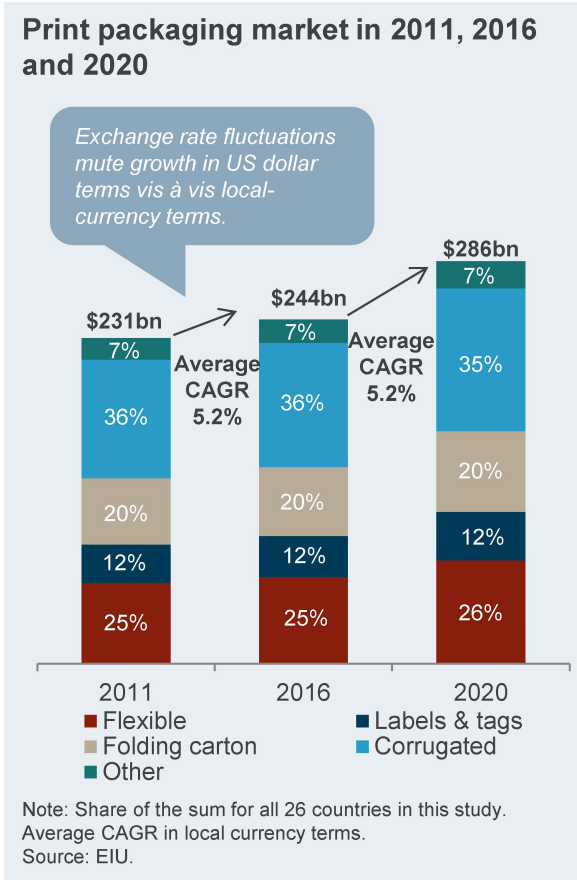


- » Demand for print packaging will continue to grow robustly over the next several years
 - Continued economic growth
 - Urbanization
 - Rising middle class
- » Print packaging will grow at an average annual rate of 5.2% in 2016-20
- » The top five markets account for 78% of the total market: US, China, Japan, Germany, India

Worldwide Market for Print 2.0: Global Opportunities in Packaging (2011-2020), November 2016, NPES, VDMA



Packaging Print Market Global



- » The print packaging market in 2016 was valued at \$244bn
- » It will grow at an average annual rate of 5.2% to \$286bn in 2020
- » In 2020, corrugated will have the highest share of 35%
- » Advances in technology, smart packaging, and the continued rise of sustainability are trends that will take shape in the industry in the coming years

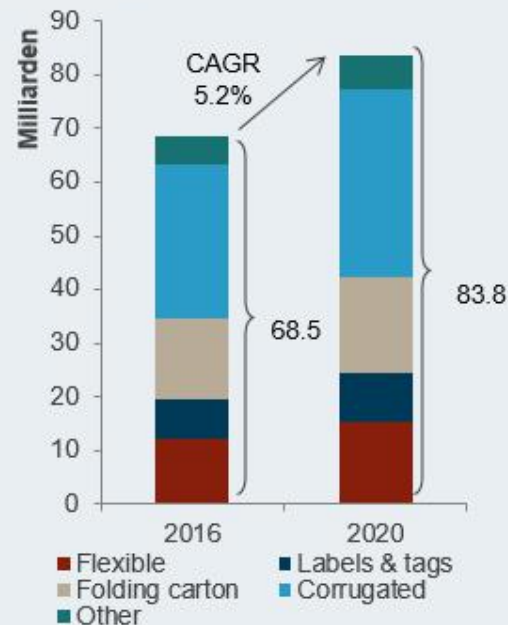
Worldwide Market for Print 2.0: Global Opportunities in Packaging (2011-2020), November 2016, NPES, VDMA



Packaging Print Market China



Print packaging market by segment in China in 2016 and 2020 (US\$)

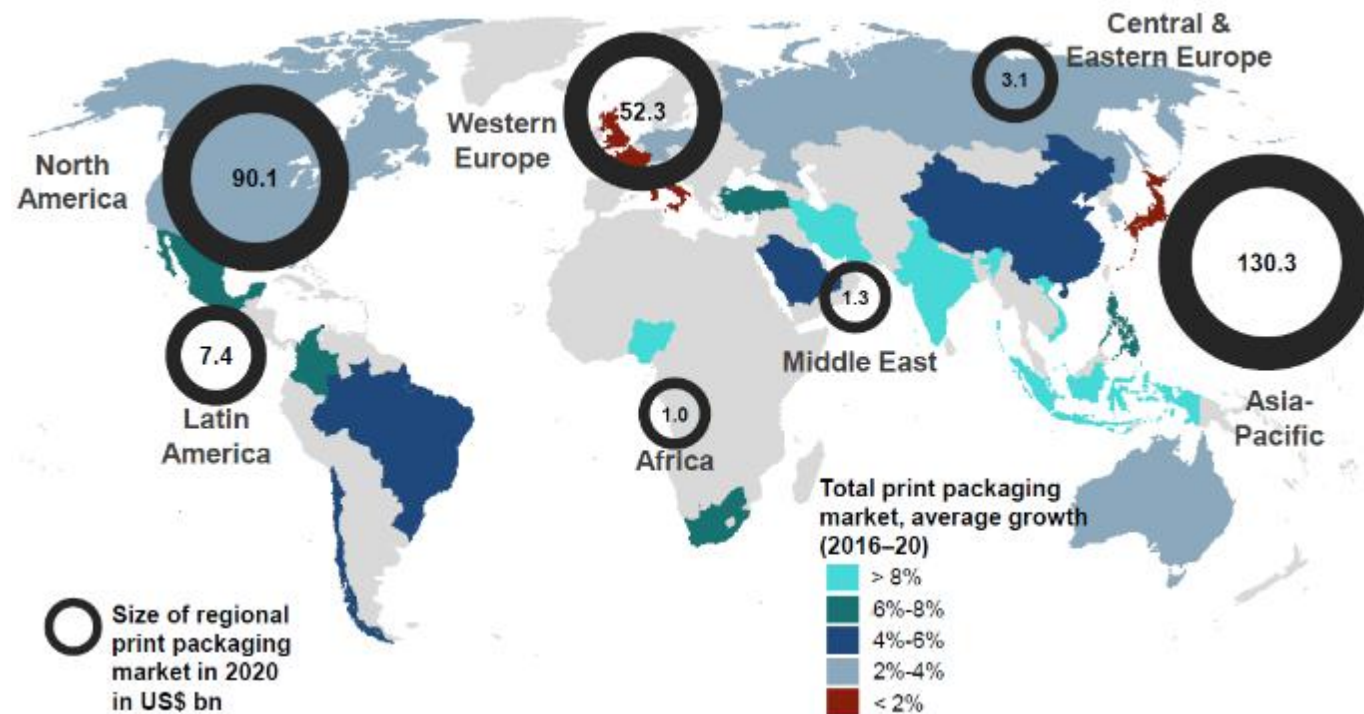


Note: Compound annual growth rate in US\$ terms. US\$ values are calculated based on average yearly exchange rate forecasts by the EIU.
Source: "Worldwide Market for Print 2.0: Global Opportunities in Packaging (2011-2020)" by EIU.

- » The second largest print packaging market will grow strongly over 2016-20 and narrow the gap with the US
- » China grew at a 7.9% annual rate in 2011-2015, a rapid pace considering its large size of \$63bn in revenues
- » China's corrugated print packaging segment is the largest in the world
- » The rising middle class will continue to support China's consumer market

Worldwide Market for Print 2.0: Global Opportunities in Packaging (2011-2020), November 2016, NPES, VDMA

Print Packaging Market Size and Growth



- » Emerging regions generally have high growth but smaller print packaging markets
- » Asia-Pacific is the exception, having the happy confluence of both large and fast-growing markets

Worldwide Market for Print 2.0: Global Opportunities in Packaging (2011-2020), November 2016, NPES, VDMA

Print Packaging Segments 1/2



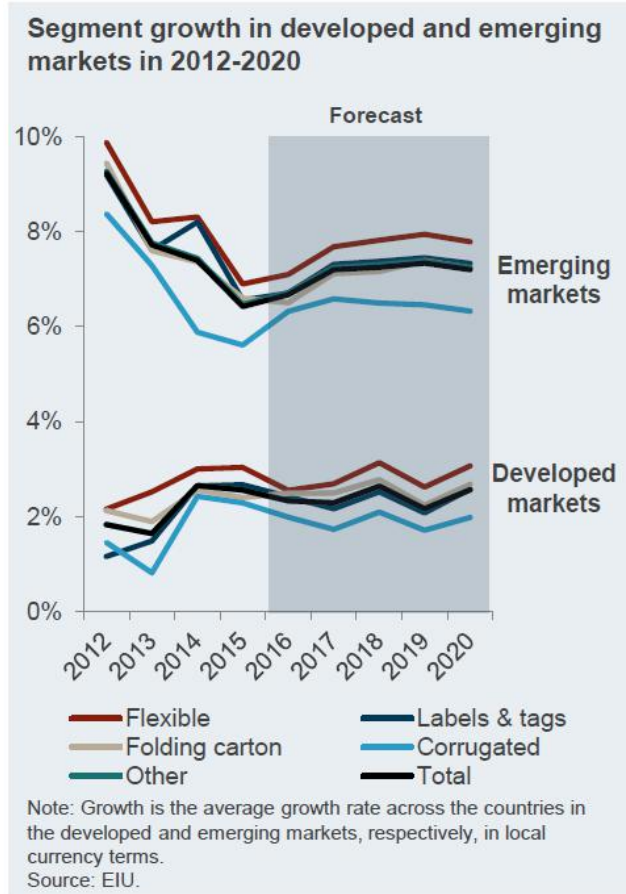
	Growth 2016-20	Current size	Overall potential for success*	
Corrugated				<ul style="list-style-type: none"> ▪ Largest segment ▪ Mature market
Flexible				<ul style="list-style-type: none"> ▪ Rising incomes in emerging markets ▪ Shifting preferences in developing markets.
Folding carton				<ul style="list-style-type: none"> ▪ Changes in consumer lifestyles ▪ Shifting preference
Labels & tags				<ul style="list-style-type: none"> ▪ Strong growth ▪ Growing demand for custom, short-run print packaging

	= Very favorable
	= Favorable
	= Stable
	= Unfavorable

	Very high
	High
	Medium
	Low
	Very low

Worldwide Market for Print 2.0: Global Opportunities in Packaging (2011-2020), November 2016, NPES, VDMA

Print Packaging Segments 2/2



Flexible print packaging

- » Fastest-growing segment at an average annual rate of 5.6% in 2016-20

Labels & tags and folding carton

- » Both growing at a still strong annual average rate of 5.2% over 2016-20

Corrugated

- » The largest and most mature market: slowest-growing print packaging segment in 2016-20, albeit at a robust annual average growth rate of 4.5%

Print Packaging Trends

Print Packaging Trends



Global Trends Packaging

- » Branding
 - » Cross-media
 - » Smart packaging
 - » Sustainability
 - » Perishability of food
-
- » “For 2017, world packaging consumption at constant (2016) prices is projected to grow 2.8% to \$851.1 billion and is forecast to grow during 2017–22 at an annual average rate of 2.9% to \$980.4 billion.”

The Future of Global Packaging to 2022, 2017, Smithers Pira



Key Print Packaging Trends

Industry-specific and external trends

Technological innovations	<ul style="list-style-type: none"> Digital printing allows for more customized short runs for packaging. Smart packaging is the next step in terms of innovative packaging.
Environmental and sustainability concerns	<ul style="list-style-type: none"> Consumers are more conscious of their green footprints, such as the packaging of the products they buy. Lightweighting is a common practice.
Cost-cutting to improve resiliency	<ul style="list-style-type: none"> Regional sourcing and localization have emerged as cost-cutting measures to improve resiliency to political and economic shocks.
Rise of small-batch products	<ul style="list-style-type: none"> Craft, customized products are gaining market space, especially among middle-income consumers.
Product differentiation	<ul style="list-style-type: none"> Consumers are rebelling against traditional, marketing-led consumerism and are seeking more product differentiation.

Macroeconomic and demographic trends

Economic growth	<ul style="list-style-type: none"> Economic growth underpins growth of the print packaging industry. Asia-Pacific drives print packaging growth, powered by India, Indonesia, China and Vietnam.
Urbanization	<ul style="list-style-type: none"> Urbanization is a key driver of growth in demand for print packaging products. Emerging markets continue to experience more rapid urbanization rates than developed economies.
Rising middle class	<ul style="list-style-type: none"> Consumption behaviors change as disposable incomes increase. The rise of the middle class translates into more consumers and growth for the print packaging industry.
Global trade flows	<ul style="list-style-type: none"> Global trade underpins demand for print packaging. Protectionism is a growing concern around the world, with the future of major trade deals still uncertain.
Exchange rates	<ul style="list-style-type: none"> US dollar appreciation and commodity price bust has hurt many emerging market currencies, influencing trade flows and output of highly integrated economies.

Worldwide Market for Print 2.0: Global Opportunities in Packaging (2011-2020), November 2016, NPES, VDMA

Print Packaging

Industry-specific Trends 1/2

Technology innovations

- » Intelligent packaging communicates extra information than what is printed on the box, bag or label
- » Time-temperature indicators (TTI) for food and beverage products, coding and marking technology, active packaging

Environmental and sustainability concerns

- » Growing concern for consumers, particularly in developed markets
- » Companies are figuring out creative ways to reduce package weights

Regional hubs and localization

- » Industry is moving towards more regional sourcing and localization models
- » High transportation and shipment costs are driving large print packaging companies to develop or purchase local distribution and operations hubs

Print Packaging

Industry-specific Trends 2/2

Rise of small-batch products

- » Smaller-batch, local products are growing rapidly
- » Demand for customized, short-run print packaging will increase

Product differentiation

- » Consumers are shifting away from commoditized, homogenous tastes
- » Packaging can produce product differentiation and change the perception of a product
- » Packaging defines experience and enabling product pricing

Print Packaging

Macroeconomic and Demographic Trends 1/2

Economic growth

- » In developed markets, economic growth and print packaging growth tend to move hand-in-hand
- » Emerging markets face a more positive economic growth outlook than developed markets

Urbanization

- » Emerging markets continue to experience more rapid urbanization rates than the developed, mature economies
- » City living tends to lead to higher consumption

Rising middle class

- » Consumer behaviors change as disposable incomes increase
- » Rise of the middle class in emerging markets will translate into more consumers and growth for the print packaging industry

Print Packaging

Macroeconomic and Demographic Trends 2/2

Global trade flows

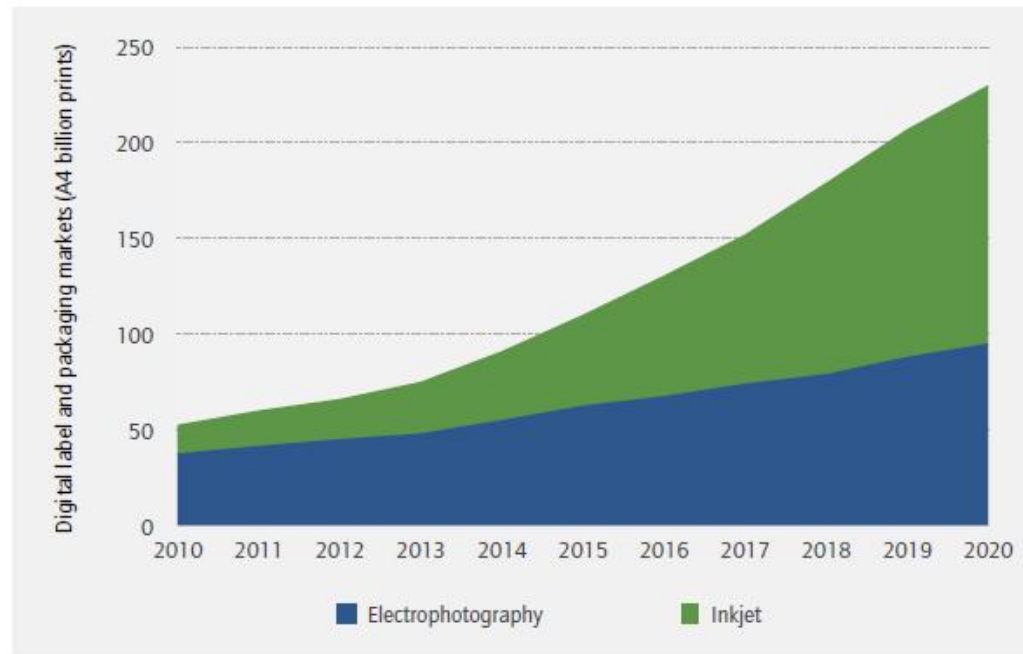
- » Global trade supports a robust consumer and packaged goods market, underpinning demand for print packaging
- » After several years of strong trade flow growth, the outlook is steady though moderate

Exchange rates

- » The weakening of global currencies around the dollar has influence on trade flows and output of highly integrated economies
- » In 2011-15, most currencies weakened strongly vis-à-vis the US dollar

Digital Print for Packaging

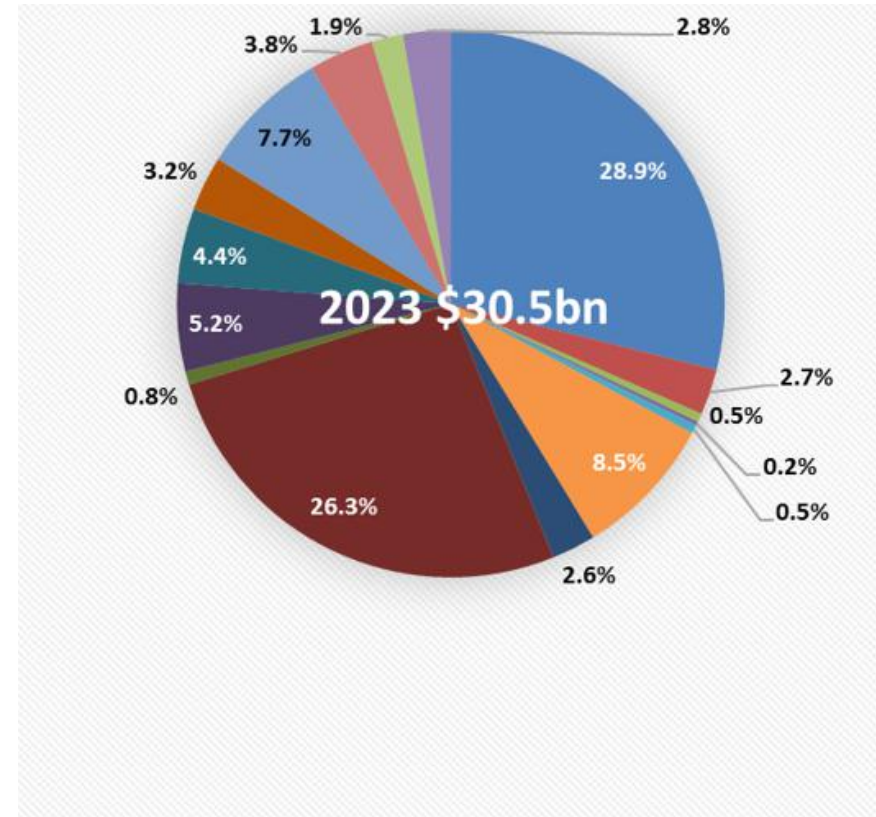
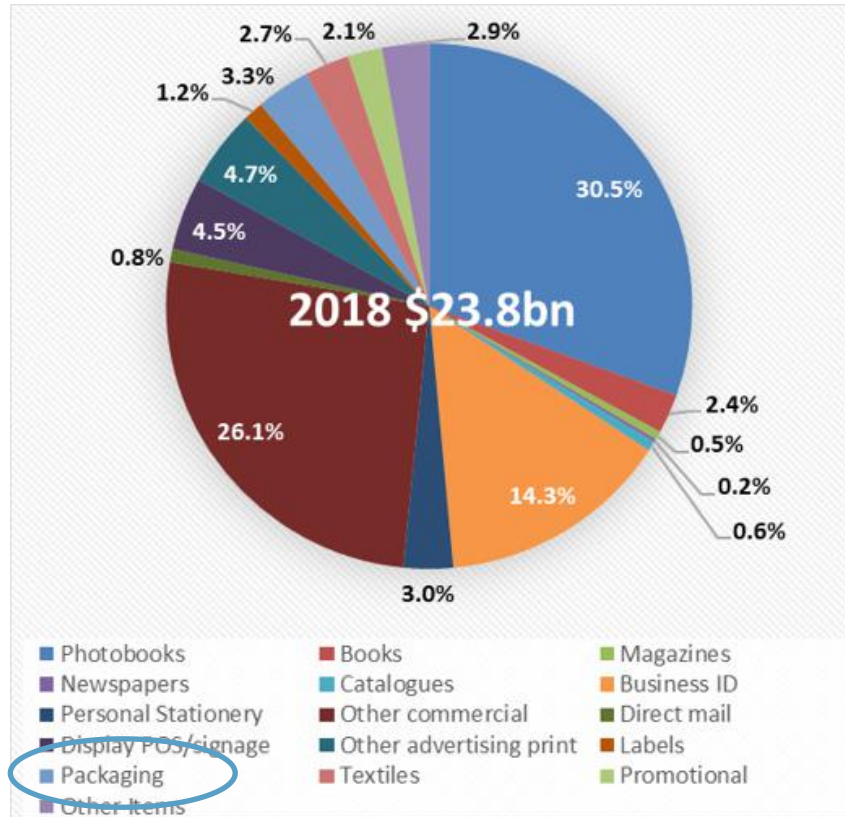
FIGURE E.1 Global digital packaging and label markets by process, 2010–2020 (A4 billion prints or equivalent)



- » Digital packaging printing – using toner electrophotography or inkjet – is valued at \$10.5 billion in 2015, the equivalent of some 107 billion A4 prints
- » The world market will grow by an average CAGR of 13.6% in constant value (real) terms to 2020, with print volume CAGR of 16.2% globally
- » Electrophotography is leading the way but inkjet is forecast to grow faster and overtake the volume of electrophotography in 2018

The Future of Digital Print for Packaging to 2020, 2015, Smithers Pira

Web-to-Print Products



Packaging as part of the web-to-print product mix in 2017 amounted to \$534 million and will show a compound annual growth rate of 24.1% in 2018-23.

Outlook for the Global Web-to-Print Market, September 2018, PRIMIR, PP

Contact Details



Dr. Markus Heering

VDMA Printing and Paper Technology
Lyoner Str. 18
60528 Frankfurt am Main

Telephone **+49 69 6603 1451**
E-Mail **markus.heering@vdma.org**