



Flexible Packaging Industry

30 September 2019

INDUSTRY OUTLOOK

Flexible packaging is a growing segment in the global packaging industry that integrates best qualities of plastic film, aluminum foil, and paper to offer a wide range of protective properties. It can take the shape of a bag, pouch or any part of a package whose shape can be readily changed. Such packaging is used for various products in consumer as well as industrial applications for marketing and distribution purposes.

Flexible plastic packaging products are non-rigid, lightweight, stretchable, and malleable. These packaging products protect against moisture while retaining the aroma and freshness of the packaged products, much like glass packaging. This has resulted in the increased adoption of this packaging variant by the food and beverage, healthcare, and personal care industries, among others. The utility of flexible packaging arises from properties of aroma retention, sealing and heat insulation, barrier against moisture and strength. Main manufacturers are engaged in R&D to gain competitive advantage. The market is characterized by forward integration through raw material manufacturing, flexible packaging production, and distribution to several application industries.

- Demand for small packs has given impetus to the flexible pouch segment, which allows small quantity packaging.
- Flexible bags are used for carrying bulk goods such as food grains and cement. Carry bags for retail shopping are also popular.
- Laminated tubes and bags in boxes are the other common flexible products; laminated tubes are mainly used for pastes and ointments, while bags in boxes for moisture absorbing products such as tea and coffee.
- Ease of printing has made flexible packaging a tool for branding and display of retail goods.
- A wide range of color options available for use in plastics has made package designing easier.

Table 1: New products in flexible packaging

Flexible Pouches	Flexible Bags
Vaccum Pouch preserves freshness of foods.	Vegatable bags: Breathable bags for vegetables in refrigerators.
Standup Pouch: Consumer and Industrial Packaging with space and cost savings.	Vaccum bags for frozen foods and breads; helps extend shelf life.
High temperature retort pouch: Microwaveable food packaging.	Woven bags for heavier products.
	Courier bags for water-proofed mails and couriers.

Table 2: Changing Packaging Trends

Sl No.	Product to be packed	Conventional Packaging	Current Packaging Trend
1	Milk	Glass	Flexible pouches, tetra packs
2	Beverage	Glass, tinfoil, aluminum	PET bottles, can
3	Pharmaceuticals	Paper, glass, aluminum, tinfoil	PVC, HDPE, blister, aluminum foils
4	Toothpaste	Aluminum tubes	Laminated tube, co-extruded tube
5	Soap	Paper Cartons	Laminated Cartons, BOPP/PE, PET/PE
6	Cosmetics	Metal, Paper	HDPE,PP, Laminated tubes
7	Shampoo	Glass	HDPE container, sachets
8	<u>Fertiliser</u>	Jute	Woven sacks
9	Shopping carry bags	Paper, Jute	LDPE, HDPE
10	Edible Oils	Tinfoil Containers	Flexible pouch, laminates, co-extruded pouch, tetra packs

Source: "Flexible Packaging: Changing Dynamics of Indian Packaging Market" India Brand Equity Foundation https://www.ibef.org/download/Flexible_Packaging060112.pdf

GLOBAL MARKET TRENDS

Geographically, Asia Pacific is the leading regional market, accounting for 38.79 per cent of the revenue share in 2018. The growth of the regional market is attributed to booming food & beverage sector, mostly in China and India. Increasing demand for packaged food coupled with increasing disposable income of consumers is anticipated to spur demand for the flexible packaging over the forecast period. Europe was the second largest region accounted for 26.9 per cent of the total revenue share in 2018¹. Increasing R&D expenditure on pharmaceutical industry in Europe is anticipated to indirectly fuel flexible packaging demand over the forecast period.

Table 3: Major Global Players

Name of the Company	Highlights of major business/products
Amcor	<p>Founded in Australia in 1860.</p> <p>Globally a leading player in flexible and rigid plastic consumer packaging with 195 plants, 33,000 employees with business in more than 40 countries in Europe, Middle East, Africa, USA and Asia Pacific.¹ Amcor has acquired Bemis, another global manufacturer of flexible packaging products on 11 June 2019.²</p>
Constantia Flexibles	<p>Constantia Flexibles is a manufacturer of flexible packaging headquartered in Vienna, Austria. Constantia Flexibles employs 7,700 people (as on August 2019), at approximately 32 production sites in 18 countries, predominantly in Europe, North America and Asia. The group supplies its products to numerous multinational corporations and local market leaders in the food, pet food and pharmaceuticals industries. In recent years the group has developed from a supplier with a strong European regional focus into a group which is active on a global basis in the world's most attractive and fastest-growing market for flexible packaging.³</p>

Sealed Air	The company founded by Alfred W. Fielding and Marc Chavannes more than half a century ago is now a multinational corporation with approximately 15,500 employees serving 123 countries. The company's film printing solutions have increased market presence for food processors and retailers. It is based out of North Carolina United States. ¹
Huhtamäki Oyj	Huhtamäki Oyj is a global food packaging specialist, headquartered in Espoo, Finland. Its products include paper and plastic disposable tableware, such as cups, plates and containers for quick service restaurants, coffee shops, retail stores, caterers and vending operators. The company was founded in 1920, by entrepreneur Heikki Huhtamäki. The company has 77 manufacturing units and 24 sales offices in 24 countries.
Coveris	Coveris is an industrial company head quartered in Chicago and owned by Sun Capital Partners, a private investment firm. Coveris has four facilities located in North Wales, UK, North Carolina, USA, West Springfield, USA and Guangzhou, China.
Sonoco	Founded in 1899, Sonoco Products Company is a United States-based international provider of diversified consumer packaging, industrial products, protective packaging, and packaging supply chain services, and the world's largest producer of composite cans, tubes, and cores.

Source: Compiled from Company websites

According to material type, plastic is the most broadly used raw material for flexible packaging accounting for 78.3% of the total revenue share in 2018. These materials have high potential in the market because of increasing consumer preference, low shipping costs, and less storage requirements. It is widely used in the food & beverage sector as they can take numerous forms and shapes, which hold high importance for the industry.

Table 4: Application of Plastics in Food Packaging

Plastic Packaging Materials	Applications
Polyethylene terephthalate (PET, PETE)	Soft drinks, water, juice, sports drink, mouthwash, oven film, food trays etc.
High Density Polyethylene (HDPE)	Milk, water, juice, groceries etc.
Low Density Polyethylene (LDPE)	Frozen food, fresh produce, household garbage, squeezable foods (honey, mustards, tomato ketchup etc.)
Polypropylene (PP)	Containers for yogurt, margarine, takeaway meals, medicine and syrup bottles etc.
Polyvinyl Chloride (PVC)	Blood bags, medical tubing etc.

Source: "Flexible Packaging: Changing Dynamics of Indian Packaging Market" India Brand Equity Foundation https://www.ibef.org/download/Flexible_Packaging060112.pdf

INDIAN FLEXIBLE PACKAGING INDUSTRY

The Indian Packaging market was valued at 323,417.8 million units in 2018 and is estimated to grow at a CAGR of 6.7% to reach 446,815.8 million units in 2023. Flexible Packaging is the largest packaging type accounting for 229,020.7 million units in 2018, while Rigid Metal is estimated to witness the fastest CAGR of 8.2% during 2018-2023. Strong favourable demographic factors such as increasing disposable income levels, rising consumer awareness and demand for packaged food are expected to drive the growth of the packaging industry in India.



GROWTH DRIVERS

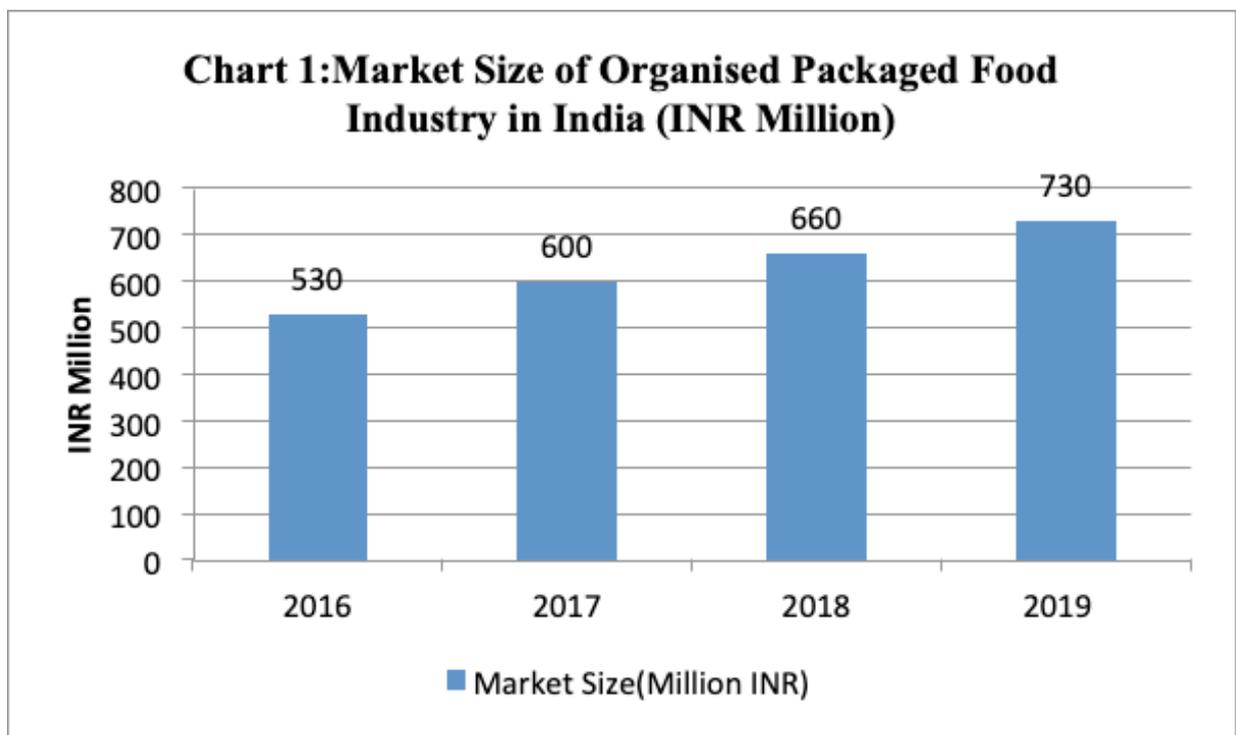
- Being the fourth-largest sector in the Indian economy, the fast moving consumer goods (FMCG) sector represents the largest opportunities for flexible packaging.
- Sub-segments like food and beverages, and personal care are the major end users of flexible packaging in India. With the growth of this market, demand for flexible packaging is expected to increase.
- The growth of the retail industry will directly lead to the expansion of the flexible packaging market in India.
- Increasing organized retail along with the boom in the E-Commerce sector across the Indian packaging industry is finding exponential growth which resulted in thousands of packets being delivered every day across the country and this demands quality packaging of the products.
- The growth of the packaging market in India is largely driven by various logistic applications, technological advancements, as well as with the growing demand in the development in the packaging sector across the emerging market of India.

Table 5: Usage of flexible packaging according to Types and Products

SI No.	Types of Usage	Products/Industries
1	By Material Type	<ul style="list-style-type: none">• Paper• Plastic• Metal• Glass• Other Material Types
2	By End-User Industry	<ul style="list-style-type: none">• Food• Beverage• Pharmaceutical• Consumer Electronics• Personal/HomeCare• Other End-User Industries

Food Industry in India is likely to Grow Further

- In India the ready-to-eat meals are gaining high traction, owing to busy work schedules, rising number of working women and altering habits towards on-the-go consumption, which is, in turn, expected to ascend the utilization of packaging across the food sector, thereby, fueling the market growth over the forecast period.
- With the aim of developing active materials for the use in the design of packages, coatings, and packaging technologies, which helps to maintain and improve the sensorial and nutritional characteristics and safety of foodstuffs, and increase their shelf life, nanofabrication technologies are emerging as valuable solutions across the region.
- The organized food processing sector is a major link between the agriculture and manufacturing industry across the country, contributing as much as 9 to 10 % of the total GDP, thereby given its significant contribution to the national economy.



Source: Mordor Intelligence <https://www.mordorintelligence.com/industry-reports/packaging-industry-in-india>



Pharmaceutical packaging is also likely to increase, with large MNCs like Amcor, Huthamaki, West Pharma, SDG Pharma including Indian companies Uflex, Essel Propack leading the way in pharmaceutical packaging market. India's e-commerce retail market faces an increasing demand for rigid packaging, such as corrugated boxes and cartons due to the packaging's firm structure. In recent years, India has seen sustainable packaging growth due to the increase of packaged food consumption and awareness, and demand for quality products. Consumer awareness surrounding packaged food, specifically packaged food deliveries, has heightened⁷.

Table 6: Major Indian Players in Flexible Packaging Industry

Indian Players	Major Business
Cosmo Films Ltd.	<p>Cosmo Films Limited is an Indian multinational corporation that manufactures bi-axially oriented polypropylene films for packaging, label, lamination and industrial applications. With the acquisition of GBC Commercial Print in June 2009, Cosmo is now the world's largest producer of thermal lamination films.</p> <p>Units in India, Korea, & USA with annual installed capacity as follows:¹</p> <ul style="list-style-type: none"> • BOPP Films: 196K MT • Thermal Films: 40K MT • Coated Specialty Films: 10K MT • Metalized Films: 22K • CPP Films: 10 K MT
Essel Propack Ltd.	Essel Propack is a global tube-packaging company headquartered in Mumbai in India. It is part of the Essel Group, and is a specialty packaging manufacturer of laminated plastic tubes for the FMCG and Pharma space
Garware Polyester Ltd	Major products are –Polyester films, Packaging film, BOPET, Sun Control Films, Thermal Lamination Films etc.
Huhtamaki PPL Ltd (HPPL)	<p>Huhtamaki PPL Ltd (HPPL) is India's leading manufacturer of primary consumer packaging and labelling materials with annual consolidated Euro 300 million. It is the largest manufacturer in volume of finished flexible packaging in the larger Africa - India - Asia Pacific region excluding Japan.</p> <p>In mid 1999 HPPL became a member of Huhtamaki Packaging Worldwide, the Finnish consumer-packaging major. HPPL acquired 51% shareholding in India's leading manufacturer of labels for the Pharmaceuticals sector - Webtech in 2012. In January 2015, HPPL</p>

Jindal Poly Films Limited	<p>Jindal Poly Films Limited has been in Polyester business since 1984. The company manufactures Polyester (PET) and Polypropylene (OPP) films. Other products are BOPP films, PET films, Metalised films, Thermal Films, Coated Films etc.¹ The company is a part of the USD 2 billion B.C. Jindal group, offering a wide range of products and solutions for more than 6 decades. The group is involved in diverse businesses including Polyester & Polypropylene films, Steel pipes, Thermal Power Generation and Photographic products.</p>
Paharpur 3P	<p>Manufacturer of flexible packaging in India. Paharpur 3P was established in 1986 at Sahibabad near New Delhi, India, supplying high quality flexible packaging materials for packaging food, beverage, tea, coffee and edible oils to FMCG companies in India and around the world. The company also supplies flexible packaging for pet food, pharmaceutical, home and personal care consumer products such as shampoo, liquid soaps, detergents, motoroils, lubricants and agricultural products such as seeds, pesticides, insecticides, herbicides and fertilizers, as well as manufactures custom printed packaging materials in the form of roll stock films and pouches using LDPE, HDPE, LLDPE, PET, BOPP, CPP, nylon, aluminium foil, paper, and other materials.</p> <p>The company also involves into a variety of packaging such as stand up pouches, spout pouches, zipper pouches and re-sealable packaging in various shapes, sizes and structures with custom printed packaging designs. Paharpur 3P and its sister company Floeter India Retort Pouches also specialize in the manufacture of retort packaging laminates and retort pouches for Ready-To-Eat (RTE) food packaging and Ready-To-Drink (RTD) packaging applications.² Paharpur 3P was established as a division of its parent company Paharpur Cooling Towers Ltd. Paharpur Cooling Towers was founded in 1959 by Shri Mahendra Swarup and is headquartered in Kolkata, India and is the leading manufacturer of cooling towers and industrial cooling technology in India.</p>
Polyplex Corporation Ltd. (PCL)	<p>Polyplex are manufacturers of Biaxially Oriented Polyester Film for packaging, electrical and other industrial applications. It has manufacturing facilities in India, Thailand and Turkey. It has also started manufacturing BOPP films and special films for digital purposes. It is a Public Limited Company listed on the Bombay Stock Exchange and the National Stock Exchange. Its Corporate Office is located in the National Capital Region (NCR) of Delhi.</p>

Sysco Industries Ltd.	<p>Sysco Industries Limited is a part of decade old Sysco Group of Companies based in Surat, India. Incepted in 2004, with formation of Sysco India Private Limited the company was involved in manufacturing of Specialty Systems & Coatings, SYSCO emerged as market leader in innovative surface coatings, fulfilling customer specific solutions & delivering technically superior products in applications varying from Textiles, Graphics, Surface Protection of Electronic Display Units. Catering to OEM's and End Users "SYSCO" got recognized as a brand for delivering TOP QUALITY products and solutions.</p> <p>The group also diversified into the manufacturing of Imitation Zari which again is a highly advanced coating onto metallised polyester film, with this venture SYSCO broke Korean and Japanese product ingress into Indian market and attained the leadership by ethical and good business practices delivering pre and post sales services throughout the Textile sectors. Further consolidating the servicing experience into the world-class flexible packaging material manufacturing, the packaging company Sysco Industries Limited. It was established in 2013 and since then it has become one of the most reliable Packaging supplier to major national and international brands.</p> <p>The company is into various businesses like – stand up pouches, side gasset bags, Quad Seal bag, Spout pouches, Centre seal pouches, coating for lamination etc.</p>
TCPL Packaging Ltd.	TCPL manufactures folding cartons, printed blanks and outers, litho-lamination, plastic cartons, blister packs and shelf-ready packaging. ¹
Uflex Ltd.	Uflex has a vast production capacity for Biaxially Oriented Polyethylene Teraphthalate (BOPET), Biaxially Oriented Polypropylene (BOPP) films, Cast Polypropylene (CPP) films, Printing & Coating Inks, adhesives, facilities for Holography, Metallization & PVDC coating, Gravure Printing Cylinders, Gravure Printing, Lamination and Pouch formation. ²

Source: Compiled from Company websites

Competitive Landscape

- April 2019 - Tetra Pak announced the launch of its connected packaging platform, which will transform milk and juice cartons into interactive information channels, full-scale data carriers, and digital tools. Driven by the trends behind Industry 4.0, and with code generation, digital printing and data management at its core, the connected packaging platform will bring new benefits to food producers, retailers, and shoppers.
- December 2018 - Cosmo Films recently launched sterilizable conduction sealing film for wad and lidding applications for PP and PE containers. This film can withstand high temperatures during the sterilization process, which is used to increase the shelf-life of the product. The newly developed sealing film is a clear, one side corona treated and other side heat sealable film. The film offers exceptional seal integrity while it also offers improved convenience to the consumers because it is easy to open and peel cleanly without splitting.

Source: : <https://www.mordorintelligence.com/industry-reports/packaging-industry-in-india>

INDUSTRY RISK

Certain factors are affecting the growth of global flexible packaging market. Using several layers of a specific material makes the recycling process difficult and complicated. In a few cases metal and plastics are utilized together for flexible packaging. This makes the recycling process extremely tedious since plastic is simply recyclable but metal takes time. One pharmaceutical challenge India faces is its heavily reliance on plastic packaging, which has triggered discussions on recycling and the lack of consumer knowledge. Also, stringent environment regulations across the globe are as well hindering the global market growth. In recent times, the demand for recyclable flexible plastic packaging has increased significantly, owing to increased awareness and concern for the environment. As a result, several initiatives are being taken by end-users of flexible plastic packaging to increase the use of recyclable flexible packaging. For instance, in March 2019, Moy Park Ltd., a food processing company launched the Remove, Reduce, Recycle, and Research campaign. Such initiatives are expected to stimulate the demand for recyclable flexible plastic packaging, which will drive market growth. India generates 5.6 million tonnes of plastic waste each year, of which ~66% is the mixed waste-polybags and pouches which are used in food packaging. Owing to the serious environmental consequences with regard to the dumping of plastic waste, many Indian states have placed blanket bans on the manufacture, use, sale, distribution, and storage of plastic items like one-time-use bags, spoons, PET, and PETE bottles. Some states only permit polythene bags that have thickness in excess of 50 microns. Since plastic is one of the essential materials used in flexible packaging, a ban on its production will be a significant hindrance for the growth of the flexible packaging market in India¹⁵.



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THE FUTURE OUTLOOK

The growth of the Indian flexible packaging market is because of their increased use at food service outlets, along with higher demand for packaged beverages. The Indian flexible packaging market is expected to reach a value of INR ~640.38 Bn by FY 2023, up from its FY 2017 value of INR 375 Bn, expanding at a compound annual growth rate (CAGR) of ~10% from FY 2018 to FY 2023. Consumers prefer flexible packaging over rigid packaging since they are lighter, easily disposable, and their impact on the environment is significantly less. Rising population, changing lifestyle and income levels along with growth of e-commerce and retail industry would be the other growth drivers for the industry.



FOOTNOTES

1. 'Global Flexible Packaging Market Industry Analysis and Forecast (2019-2026)' [17 September 2019] ScoopJunction <https://scoopjunction.com/global-flexible-packaging-market-industry-analysis-and-forecast-2019-2026/354506/>
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