

Retail E-Commerce Packaging Market in the US

US Industry Study with Forecasts for 2020 & 2025

Study #3472 | November 2016 | \$4900



Protective packaging, boxes, and mailers are the leading types of e-commerce packaging, together accounting for nearly 80 percent of the total in 2015. The remainder of demand is met primarily by labels, tape, and insulated shipping containers. Through 2020, the fastest growth is expected for boxes, labels, and mailers.

Essential role of protective packaging to fuel growth

Protective packaging advances will lag the overall average, restrained by trends toward smaller packages and packages sized to fit contents, thereby costing less to ship. Nonetheless, protective packaging's essential role in preventing damage at a relatively low cost will fuel growth, especially as consumer perceptions of e-commerce merchants can be negatively affected by receiving merchandise that was damaged during shipping.

Third party fulfillment & logistics firms to be fastest growing market

Traditional e-commerce retailers, dominated by Amazon, which accounted for 42 percent of demand in 2015, are the leading market for e-commerce packaging. Gains will be similar to the overall average, propelled by continued robust prospects for e-commerce retail sales. Third party fulfillment and logistics firms (3PLs) will represent the fastest growing e-commerce packaging market through 2020 and beyond. In the brick and mortar retailer market, increases will be aided by the growing share of company sales generated via e-commerce and the focus on developing infrastructures for an omnichannel approach.

Food & beverages to finally represent a fast rising application

In terms of merchandise applications, the largest segments are computers and electronics, apparel and accessories, and home furnishings, which together accounted for 54 percent of total demand in 2015. Apparel and accessories will be one of the fastest rising applications, while home furnishings will exhibit above average growth prospects. Food and beverages, an area where consumers have so far been slow to adopt online shopping, will represent one of the fastest growing applications for e-commerce packaging.

Study coverage

This study examines the \$2.5 billion US market for retail e-commerce packaging. Product segments covered include protective packaging (e.g., air pillows, bubble packaging, paper fill, loose fill, etc.), boxes, mailers, labels, tape, insulated shipping containers, and other packaging (e.g., paperboard tubes, shrink film). Markets include traditional e-commerce retailers, third party fulfillment and logistics companies, brick and mortar retailers, specialty retailers, and other markets (e.g., US Postal Service, online marketplaces). In addition, the study covers merchandise applications for e-commerce packaging. The study also discusses leading customers for e-commerce packaging, evaluates company market share and presents competitive analysis on industry participants including Georgia-Pacific, International Paper, Intertape Polymer, Packaging Corporation of America, Pregis, Sealed Air, 3M, and WestRock.

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Third Party Fulfillment & Logistics Companies

In 2015, third party fulfillment and logistics companies (3PL) were the second largest market for e-commerce packaging, accounting for 49 percent of demand. The rapid growth of online shopping is a key driving opportunity for third party providers of fulfillment services such as inventory storage, packing, shipping, and returns. The outsourcing of these activities by e-commerce merchants enables them to focus on production, marketing, and customer service rather than investing in order management software, computer hardware, packaging products and equipment, warehouse space, and related personnel. By using a 3PL, overhead costs are shared among clients, which can improve profitability for e-commerce retailers that use 3PLs. Shipping costs are also reduced since orders for multiple clients can be aggregated to receive a larger discount from carriers systems.

Packaging Demand Forecast

Demand for packaging in the third party fulfillment and logistics market is forecast to grow at a rate of 10.5 million in 2015, representing the fastest growing market. Advances in packaging technology will be driven by e-commerce retailers' access to 3PLs to improve fulfillment processes to avoid costs associated with fulfillment technology. As e-commerce retailers, the outsourcing of fulfillment technology to 3PLs is expected to have expertise in the market.

In 2015, boxes and mailers accounted for 49 percent of the total e-commerce packaging demand. Robust growth is anticipated for both boxes and mailers due to continued surging of online shopping, which will spur greater demand for related shipping containers needed.

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TABLE III-3

CORRUGATED BOX DEMAND IN E-COMMERCE PACKAGING BY TYPE & MARKET (million dollars)

Item	2005	2010	2015	2020	2025
Total E-Commerce Box Demand					
% corrugated boxes					
Corrugated Box Demand					
By Type:					
Regular Slotted Containers					
Other Corrugated Boxes					
By Market:					
E-Commerce Retailers					
Brick & Mortar Retailers					
Third Party Fulfillment & Logistics					
Specialty Retailers					
Other					
% corrugated boxes					
Total E-Commerce Packaging Demand					

Source: The Freedonia Group

TABLE V-3

APPAREL & ACCESSORIES E-COMMERCE PACKAGING DEMAND (million dollars)

Item	2005	2010	2015	2020	2025
E-Commerce Apparel/Accessories (bil \$)					
\$ pkg/000\$ apparel & accessories					
Apparel & Accessories Packaging Demand					
Mailers					
Boxes					
Protective Packaging					
Labels & Tape					
Other Packaging					
% apparel & accessories					
Total E-Commerce Packaging Demand					

Source: The Freedonia Group

This study can help you:

- Determine your market & sales potential
- Learn more about industry competitors
- Assess new products & technologies
- Identify firms to merge with or acquire
- Complement your research & planning
- Gather data for presentations
- Confirm your own internal data
- Make better business decisions

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Related Studies

World Pressure Sensitive Tapes

Global demand for pressure sensitive tapes is forecast to rise 4.3 percent yearly to 53.4 billion square meters in 2020. Carton sealing tape will still account for the majority of demand, but specialty tapes will register faster growth. The Asia/Pacific region will still post above average gains. This study assesses the 43.3 billion square meter world pressure sensitive tapes market, with forecasts (2020, 2025) for supply and demand, plus demand by type and material, in six regions and 20 countries. The study also evaluates company market share and profiles global players.

#3447..... October 2016 \$6300

Aseptic Packaging

Demand for aseptic packaging in the US is projected to rise 6.8 percent annually to \$6.4 billion in 2020. Gains will be driven by advantages in processing and ambient temperature storage. Prefillable syringes and plastic bottles will be the fastest growing products, with syringes replacing bottles as the largest segment. Beverages will be the fastest growing market. This study analyzes the \$4.6 billion US aseptic packaging market, with forecasts for 2020 and 2025 by product and market. The study also evaluates company market share and profiles industry competitors.

#3386..... March 2016..... \$5200

Protective Packaging

Demand for protective packaging in the US will rise 4.9 percent annually to \$6.8 billion in 2019. The fulfillment of e-commerce sales will be the main driver of growth. Environmental concerns will favor air pillows and paper fill products over foam loose fill for goods delivered directly to consumers. Flexible protective packaging will continue to dominate. This study analyzes the \$5.4 billion US protective packaging industry, with forecasts for 2019 and 2024 by function, market and product. The study also evaluates company market share and profiles industry players.

#3356..... December 2015 \$5400

Labels

US label demand will rise 3.8 percent annually to \$19.7 billion in 2019. In-mold, stretch sleeve and heat-shrink labels will grow the fastest. Digital printing will continue to displace traditional label printing methods. Primary packaging will remain the largest function, while secondary labeling and mailing/shipping labels will pace gains. This study analyzes the \$16.3 billion US label industry, with forecasts for 2019 and 2024 by material, application method, printing technology, and function. The study also evaluates company market share and profiles industry players.

#3291..... June 2015..... \$5500

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Freedonia's methods

- Establishing consistent economic & market forecasts
- Using input/output ratios, flow charts & other economic methods to quantify data
- Employing in-house analysts who meet stringent quality standards
- Interviewing key industry participants, experts & end users
- Researching a proprietary database that includes trade publications, government reports & corporate literature

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