

# E-commerce a \$20 Billion Market for Corrugated Packaging

New research from Smithers Pira points to major growth for corrugated in serving the fast-developing e-commerce packaging markets.

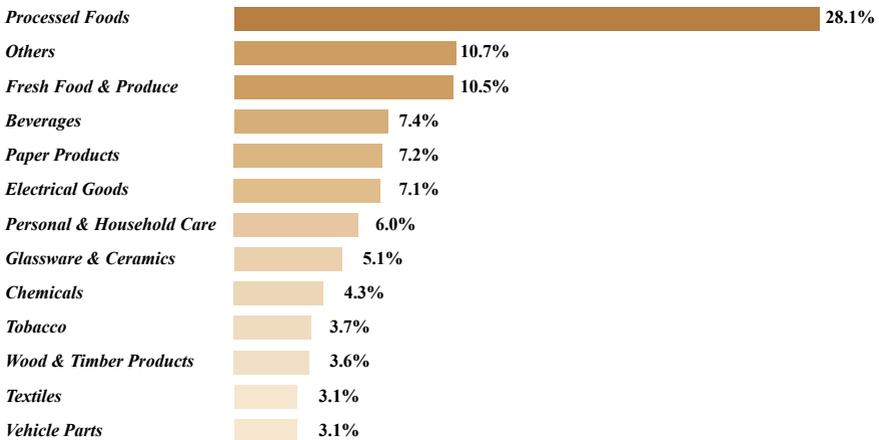
According to The Future of Corrugated Packaging to 2023, e-commerce is becoming a significant and high-growth opportunity for the corrugated packaging market to 2023.



## E-commerce growth

The nature of e-commerce packaging favours the use of corrugated board as a major medium and it is now estimated that upwards of \$20 billion worth of corrugated materials are used in this sector

**Consumption of Corrugated Board 2017 (by end use application) '000 tonnes**



Source : Smithers Pira

as a whole. The major sectors making use of e-sales systems include consumer electronics, books and media products, fashion, and toys, hobby, and sports equipment.

And there is room for major growth in this market too. According to 2017 data from eMarketer, e-commerce is currently responsible for 10% of all retail sales, and will grow to nearly 15% by 2020.

Smithers Pira forecasts that the overall market for e-commerce packaging will grow rapidly in the coming years – expanding at a compound annual growth rate of 14.3% from 2017 through to 2022. This growth will see

e-commerce packaging – including corrugated packaging, as well as flexible packaging, and protective and transit packaging – reaching almost \$55 billion in 2022. This remarkable growth rate compares to an overall growth rate for the packaging industry of 2.9% in 2017-22.

### Challenges

Addressing this fast-changing market will require corrugated packaging suppliers, and the overall packaging supply chain, to meet new (and in some cases, still developing) requirements. With an increasingly complex logistics chain, e-commerce packages are expected to be handled up to 20 times or more during a standard delivery. Added to the scale of the necessary warehousing and



delivery systems for e-commerce, there is therefore considerable demand for robust, cost-effective packaging solutions in this sector.

Additional demands from brand owners are now being felt by the converting industry, as many brands now require the secondary pack to carry their image into the home, not just the retail outlet. This increases the need for converters to produce high-quality graphic designs on the shippers themselves.

Meanwhile the advent of e-commerce especially in the grocery sector is likely to have a slight negative impact on retail-ready packaging (RRP) usage, as e-sales do not require any RRP systems. Furthermore, the innovation in e-commerce systems such as subscription box services and meal kits that offer direct-to-consumer delivery of specialist food using a weekly or monthly subscription model will have an additional, though slight, impact on the RRP market.

### Sustainability

Furthermore, all the sustainability issues facing the corrugated market as a whole come into play even more emphatically in

the e-commerce sector, with consumers demanding ease of recycling and returns for their e-commerce purchases.

### Next steps

With e-commerce becoming an increasingly important element of retail, corrugated packaging stands to benefit substantially. As the supply and distribution chain for packaged goods changes, new requirements will emerge for corrugated packaging products. This makes e-commerce one of the stand-out areas of growth identified in Smithers Pira's forecast, *The Future of Corrugated Packaging to 2023*.

