

Key Trends

Packaging

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

This content has been collated to provide information on the **Packaging** industry in Scotland. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan).

If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

Sourcing Packaging for your Product:

- ◆ [The Packaging Federation](http://www.packagingfedn.co.uk) (www.packagingfedn.co.uk) is the “over-arching” trade association for the UK Packaging Manufacturing Industry. Their site offers a list of Industry Contacts, including Packaging Companies and relevant Trade Associations. This may be a good first point of contact for finding information about packaging your specific product.
- ◆ [WRAP](http://www.wrap.org.uk) (www.wrap.org.uk) is a collaborative organisation promoting the role of waste prevention and recycling. They offer various online guides and resources and research into packaging.
- ◆ [Web Packaging](http://www.webpackaging.com) (www.webpackaging.com) is an information portal for consumer-packaged goods. Here you can search the directory of [packaging suppliers](#) for your product.
- ◆ [Packaging News](http://www.packagingnews.co.uk) (www.packagingnews.co.uk) is an online magazine covering various industry news. This also includes information on various markets, industry events and a supplier directory

About the Packaging Industry:

- ◆ Mintel reports that following the COVID-19 related decline in 2020, the UK food and drink packaging market returned to growth in 2021, with a 4% increase taking the value of the market to £7.8 billion. In 2022, the value of the market is projected to grow by 8% to £8.4 billion, partly reflecting price increases. Paper and board packaging accounts for the largest share of the food packaging market and has seen its share rise from 49% in 2018 to a projected 54% in 2022. The sector is gaining market share at the expense of plastic, reflecting commitments by manufacturers, brands, and supermarkets to reduce plastic packaging and switch to more sustainable materials. The plastic packaging sector is responding to the market challenges by focusing on improving the sustainability of the material, such as increasing the content of compostable/recycled materials in plastic packaging and investing in closed-loop recycling solutions. (Mintel, *Food & Drink Packaging – UK*, November 2022).
- ◆ 56% of food product launches in 2022 used plastic packaging within their primary or secondary packaging, a share that has remained consistent for the past five years. This data doesn't reflect plastic reduction through initiatives including companies redesigning packaging to use less material. Recyclability has an important role to play in lowering the concerns that individuals have about plastic packaging ending up in the environment. There is widespread uncertainty about the green credentials of packaging types, with 64% of people deeming it difficult to know which is the most sustainable. Steps to reduce plastic will chime with consumers, with 76% of people seeing cardboard food packaging as better for the environment than plastic (Mintel, *Attitudes Towards Food Packaging – UK 2022*, March 2023).
- ◆ Mintel notes that only 14% of soft drinks and 2% of alcoholic drinks launches in 2022 referenced recycled content on-pack but the true prevalence of recycled materials in recent years is likely to be considerably higher. Shouting about the recycled content would help brands generate consumer goodwill, which will drive purchase. Plastic bottles are seen as the least environmentally friendly drinks packaging by 6% of adults. This perception

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underpins the view that being plastic-free is a top three attribute defining sustainable drinks packaging, held by 36% of adults. Several alcoholic drinks brands redesigned their bottles over 2021-22 to reduce the amount of glass used. Brands taking this action will need to put a strong emphasis in marketing and on-pack on how this helps to reduce products' carbon footprint if they are to drive purchase based on this (Mintel, *Attitudes Towards Drinks Packaging – UK 2022*, January 2023).

- ◆ In the Cardboard Packaging & Paper Bag Manufacturing sector, IBISWorld reports that industry revenue is forecast to grow at a compound annual rate of 2% over the five years through 2027-28 to reach £5.5 billion. The growing popularity of US retail events like Black Friday and Cyber Monday has significantly boosted online retail activity over the five years through 2022-23 and major player DS Smith has noted this market as a key area for growth. The forthcoming tax on plastic packaging is anticipated to add to the competitive advantage of industry operators. The largest distribution of industry establishments in Scotland is concentrated in Glasgow City. (IBISWorld, *Cardboard Packaging & Paper Bag Manufacturing in the UK*, June 2022).
- ◆ According to IBISWorld, industry revenue is anticipated to grow at a compound annual rate of 3.2% over the five years through 2026-27 to reach £6.1 billion. Manufacturing activity is expected to increase and propel demand for packaging and labelling services. The parcel packaging segment of the industry is also expected to grow significantly, as online shopping grows at the expense of traditional high street retailers. Supply chain disruptions that began during the coronavirus pandemic in 2020-21 are expected to persist in the current year, inducing mass worker shortages and scarcities in raw materials, driving up costs for operators. However, new packaging materials and technological improvements, such as the robotic handling of packaging, are also expected to support revenue growth. (IBISWorld, *Packaging Services in the UK – February 2022*).
- ◆ In April 2023, the **UK Plastic Packaging Tax** is changing from £200 per tonne to £210.82 per tonne. The aim of the tax is to incentivise the use of recycled material in the production of plastic packaging. Guidance on the tax and who needs to pay can be viewed on www.gov.uk/guidance/check-if-you-need-to-register-for-plastic-packaging-tax.

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