Visual Connections



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Packaging Services in Australia

Industry structure, demand drivers, risk and the outlook to 2030

This report has been exclusively prepared for members of Visual Connections Australia

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ABOUT THIS REPORT

The Australian packaging services industry presents potential growth opportunities for businesses across the printing sector, particularly those operating in labels, digital print and packaging-related services. IBISWorld's report identifies increasingly stringent product-labelling requirements, demand from pharmaceutical manufacturers and the growing outsourcing of packaging activities as important industry drivers. Food and beverage, pharmaceutical, cosmetics and other product manufacturers represent relevant customer markets, creating opportunities for printers to expand their relationships with businesses that require specialist packaging and labelling solutions.

The shift towards outsourcing provides an opportunity for print businesses to move beyond supplying printed products and become more integrated service partners. Manufacturers and wholesalers are increasingly using external providers to reduce costs and improve competitiveness. For printers, this may create opportunities across artwork, pre-press, label and packaging production, finishing, kitting and fulfilment. However, customers may bring these activities back in-house when internal production becomes more economical, making cost efficiency, quality, flexibility and reliable service essential to winning and retaining business.

Sustainability and technology investment are also reshaping the industry. Packaging providers are exploring biodegradable materials, improved recyclability and other environmentally conscious alternatives, although higher-grade inputs can increase operating costs. At the same time, automation is helping businesses reduce labour requirements and improve production efficiency. These developments reinforce the importance of material knowledge, workflow automation and investment in productive equipment for print businesses seeking to remain competitive while managing input costs and protecting margins.

The report also highlights a fragmented and competitive market, where no individual operator accounts for more than 5% of industry revenue. Rising input costs and price-based competition continue to place pressure on profitability. For Australia's wide-format, digital, label and general printing businesses, the strategic opportunity is to build specialist capabilities, strengthen customer relationships and offer broader value-added services rather than compete on price alone. While the report does not quantify the direct opportunity for individual print segments, it signals that businesses able to extend their offering into packaging, labelling and related services may be better positioned to capture adjacent market opportunities.

A SNAPSHOT

$3.6bn	$4.2bn	2.7%	3.8
REVENUE ESTIMATE	**REVENUE FORECAST**	**ANNUALISED GROWTH**	**OVERALL RISK SCORE**
2024–25	By 2029–30	2024–25 to 2029–30	Low risk

A specialised industry with steady demand and thin margins

Australia's packaging services industry provides outsourced packaging operations across pharmaceuticals, food and beverages, cosmetics and toiletries, chemicals, cleaning products and general merchandise. The industry is highly fragmented, with no individual operator accounting for more than 5% of market revenue. Businesses typically specialise in particular products or markets, competing with other packaging providers as well as manufacturers and wholesalers that operate their own in-house packaging facilities.

Industry revenue reached an estimated $3.6 billion in 2024–25, representing annualised growth of 4.0% over the previous five years, although revenue declined by 0.1% in the latest year. Demand has been supported by population growth, consumption expenditure, increased pharmaceutical production and stricter product-labelling requirements. However, rising input costs and price-based competition have placed pressure on profit margins. Operators are responding through automation and investment in more sustainable packaging materials, including recyclable and biodegradable alternatives, although these can increase purchasing costs. Most industry activity is concentrated across Victoria, New South Wales and Queensland.

IBISWorld forecasts revenue growth of 2.7% annually to approximately $4.2 billion by 2029–30, supported by steady consumption and population growth. More stable input costs and continued automation are expected to help improve margins, although some smaller operators may exit the industry as competition and limited economies of scale encourage consolidation. While the overall industry risk rating is forecast to remain low, structural risk is assessed as medium–high, reflecting competitive pressures, moderate revenue volatility and the industry's declining life-cycle stage. The outlook is therefore one of moderate growth within a mature industry, where operational efficiency, cost control and specialisation will remain important to business performance.

The central finding

Packaging services is a fragmented, specialised market rather than a concentrated national industry. No operator accounts for more than 5% of market revenue. Providers typically focus on particular products, processes or local markets, and compete both with specialist peers and customers' in-house packaging operations.

Demand is resilient

Population and consumption growth support baseline packaging demand. Outsourcing is attractive where manufacturers and wholesalers want to reduce costs or avoid investing in their own facilities.

Margins remain pressured

Input-cost inflation and price-based competition have weighed on profitability; providers have not always been able to pass cost increases through to customers.

Growth is positive

Revenue is predicted to reach $4.2bn by 2029–30, with annualised growth of 2.7% from 2024–25.

Capability is shifting

Automation can reduce labour intensity, while sustainable materials and more specialised packaging create opportunities and higher input costs.

The strongest position is likely to come from operational efficiency combined with specialised capability: reliable service, quality and compliance, flexible volumes, automation where it improves unit economics, and the ability to handle changing material and labelling requirements. These are strategic interpretations of the industry conditions described by IBISWorld, not separately quantified forecasts.



INDUSTRY AT A GLANCE

Scale, scope and risk profile

The industry provides contract and outsourced packaging services across a broad range of goods and container formats.

7
CORE ACTIVITY GROUPS
Across consumer and industrial products

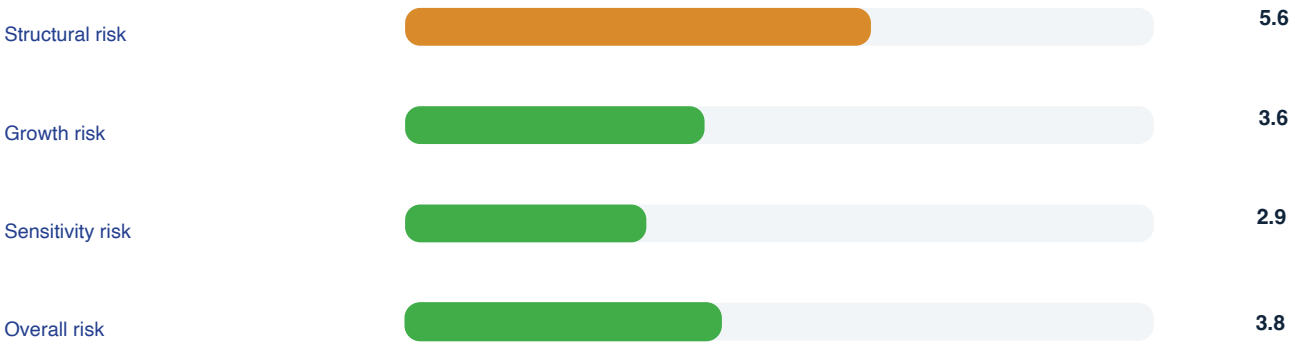
≤5%
LARGEST OPERATOR SHARE
No company exceeds this threshold

Medium
COMPETITION
Specialist and in-house alternatives

East
GEOGRAPHIC CENTRE
Victoria, NSW and Queensland

Overall industry risk is low

IBISWorld's overall risk score is 3.8 out of 9 for the outlook period ending 15 April 2027. The score combines structural risk, growth risk and sensitivity to external economic forces. The industry's risk is assessed below the medium risk level forecast for the Australian economy and the Administrative and Support Services sector.



Industry definition

Industry firms pack goods in bottles, cans, collapsible tubes, cartons, plastic sachets, film, bags and other containers or materials. The report covers pharmaceutical, cosmetics and toiletries, food and beverage, chemical, general merchandise, cleaning products, paint and adhesives packaging.

STRUCTURAL - 5.6 Medium–high. Competition, moderate revenue volatility and the industry's declining life-cycle classification lift structural risk. Increasing barriers to entry provide some protection.

GROWTH - 3.6 Low. Forecast revenue growth compares favourably with recent performance and supports a lower growth-risk assessment.

SENSITIVITY - 2.9 Very low. Demand from grocery and pharmaceutical customers, alongside key packaging input prices, shapes exposure to external forces.

MARKETS AND DEMAND

Where packaging services are used

Demand is linked to the production, import, distribution and sale of packaged goods. The industry serves both high-volume markets and specialised packaging requirements.

Geographic concentration

Packaging services establishments broadly follow population, manufacturing and logistics activity. Most are located in Victoria, New South Wales and Queensland, with activity concentrated along the eastern seaboard. The source report does not provide state-by-state establishment shares.

PHARMACEUTICALS Packaging for medicinal and pharmaceutical products; demand supported by ageing, chronic disease and increased pharmaceutical product requirements.	**FOOD & BEVERAGE** Packing, repacking, bottling and labelling for manufacturers and wholesalers.
FRESH PRODUCE Specialised end-to-end produce packaging that helps preserve freshness from carton to market.	**COSMETICS & TOILETRIES** Packaging for consumer personal-care products.
CHEMICALS Specialised packaging, with additional safety and licensing requirements for hazardous materials.	**GENERAL & HOUSEHOLD** General merchandise, cleaning products, paints and adhesives.

Grocery wholesaling	A core market. Services include packing groceries, repacking cereal foods and bottling liquids. Imported goods can require additional labelling to meet Australian requirements.	**Opportunity**
Pharmaceutical manufacturing	A major customer market. Export products may also need repackaging to satisfy overseas regulatory requirements.	**Supportive**
Fruit & vegetable wholesaling	Wholesalers often outsource because fresh-produce packaging is specialised and many growers operate at small scale.	**Opportunity**
Business process outsourcing	Manufacturers outsource non-core packaging to access expertise and reduce costs, particularly where in-house operations are uneconomic.	**Cost-led**



PERFORMANCE AND OUTLOOK

Steady demand underpins measured growth

The industry's recent trajectory reflects pandemic-era reshoring, normalisation of global supply chains and continuing pressure from packaging input costs.

Revenue trajectory

$3.6bn — **2.7% annualised growth** — **$4.2bn**

2024–25 estimate — 2029–30 forecast

IBISWorld estimates revenue at $3.6bn in 2024–25 and forecasts $4.2bn by 2029–30, an annualised growth rate of 2.7% over the five-year forecast period.

What supports the outlook

Forecast caveat: IBISWorld also reports a 4.9% revenue increase to $4.0bn in its near-term risk overview. The $4.2bn figure above is the longer-range forecast to 2029–30. These figures refer to different forecast horizons.

2020–23	**Reshoring and input-cost pass-through.** Supply-chain disruptions, shipping delays and elevated costs encouraged some customers to shift work back to domestic providers. Providers passed on some, but not all, of the higher input costs.
2023–25	**Normalisation.** As shipping costs and delivery times improved, some customers returned to offshore packaging providers. Demand growth softened and revenue volatility declined.
2025–30	**Measured expansion.** Population and consumption expenditure are expected to support demand. Stable input costs and automation may help remaining operators improve margins over time.

Population and consumption Steady growth supports underlying packaging demand across consumer and business markets.	**Outsourcing** Manufacturers and wholesalers seek cost savings, specialist capability and flexibility by contracting out packaging.
Regulation and labelling More stringent product-labelling requirements encourage customers to use specialist providers.	**Pharmaceutical and fresh produce** Specialised packaging requirements support demand in these customer markets.



INDUSTRY STRUCTURE

Fragmented competition, specialised niches

No company accounts for more than 5% of industry revenue. Providers generally compete within service and product specialisms, rather than across the entire market.

Barriers to entry

IBISWorld classifies the industry life-cycle stage as decline, citing market saturation and a limited pool of new markets. Growth is expected to come mainly from consumption growth and manufacturers shifting existing in-house activity to outsourced providers, rather than broad-based market expansion.

Specialist providers	Operators focus on particular products, packaging formats, geographies or customer requirements. This specialisation shapes the competitive set.
In-house operations	Manufacturers and wholesalers can bring packaging in-house when doing so is more economical than outsourcing. This is a key source of external competition.
Offshore providers	Changes in shipping costs, delivery times and global supply-chain conditions influence whether customers use domestic or overseas packaging services.
Capability and differentiation	Demand for recycled and recyclable materials is diversifying service requirements and can reward operators able to support clients' sustainability objectives.
Regulation and licensing	Food and pharmaceutical labelling and packaging may require state and federal licensing. Hazardous-material packaging carries additional safety and licensing obligations.
Capital and scale	Specialised services can require higher start-up investment. Tight margins and economies of scale encourage automation; labour-intensive operators may struggle to remain competitive.
Labour and expertise	Manual labour remains important in specialised and hazardous-material operations. Smaller-volume, tailored work can be labour intensive.



OPERATING ENVIRONMENT

Margins, materials and the move to automation

The operating challenge is to manage input-cost exposure while maintaining service quality and competing on price.

Sustainability is both a capability shift and a cost factor

IBISWorld identifies growing demand for biodegradable containers, recycled materials and packaging with stronger recyclability. Customer ESG commitments, environmental awareness and government and industry initiatives are encouraging innovation in bioplastics, edible and water-soluble packaging. These developments may create opportunities for providers able to source, process and validate alternative materials, while increasing purchase expenses.

Financial data limitation

**The supplied IBISWorld risk report describes margin pressure, input-cost movements and declining wage share, but does not provide a detailed industry profit-and-loss benchmark or a single current profit-margin percentage. This white paper therefore does not infer or manufacture those figures.*

Packaging inputs	Paper and paperboard, plastics and rubber, glass and other materials are major purchase costs. Higher input prices constrain profitability where they cannot be fully passed on.
Pricing power	Providers have used dynamic pricing and contract renegotiation to recover some cost increases, but IBISWorld reports that cost pass-through has been incomplete.
Labour and automation	Wages have declined as a share of revenue as smaller, labour-intensive operators have exited and firms have invested in automated wrapping, heat shrinking, carton sealing and box-making machinery.
Depreciation	Automation raises depreciation costs, but IBISWorld says these increases have not fully offset lower wage expenditure. Investment may support margins over time.

Australian Packaging Covenant Organisation (APCO)	Supports packaging sustainability and circular-economy development through resources, reporting and guidance for members.
Visual Media Association (VMA)	Provides advocacy, workplace relations and legal support, networking, environmental certification access and industry information.



STRATEGIC IMPLICATIONS

Compete on capability, not price alone

The source report points to an industry where demand is steady but competition and cost discipline determine the quality of returns.

Conclusion

Australia's packaging services industry is expected to expand steadily, supported by population and consumption growth, outsourcing and specialist customer requirements. However, the market is mature, fragmented and exposed to price competition, input-cost movements and the make-or-buy decisions of manufacturers and wholesalers. The operators best placed to sustain performance will combine cost control and scale with technical specialisation, automation and credible sustainable-packaging capability.

STEADY DEMAND. SPECIALIST SERVICES. DISCIPLINED EXECUTION.

01	**Defend the cost base.** Track paperboard, plastics, rubber and glass input costs closely; use disciplined contract reviews and pricing mechanisms to reduce exposure to unrecovered increases.
02	**Invest selectively in automation.** Prioritise equipment that improves throughput, consistency and labour productivity, while testing investment against utilisation and depreciation costs.
03	**Build specialist capability.** Differentiate through regulated, technical or tailored packaging requirements where licensing, process knowledge and customer-specific service create higher barriers.
04	**Align with customer outsourcing needs.** Position services around cost reduction, flexibility, expertise and reliable delivery for manufacturers and wholesalers deciding between in-house and outsourced operations.
05	**Prepare for material transition.** Develop sourcing and operational capability for recycled, recyclable and biodegradable materials, while transparently managing cost and performance trade-offs.

ABOUT THIS REPORT

This report on the Packaging Services industry in Australia was adapted from the IBIS World Packaging Services Industry Report March 2026. This white paper has been compiled for members of Visual Connections Australia. The paper translates the report's industry research, insights and analysis to provide members with an overview of the sector, its current landscape and key industry trends.