

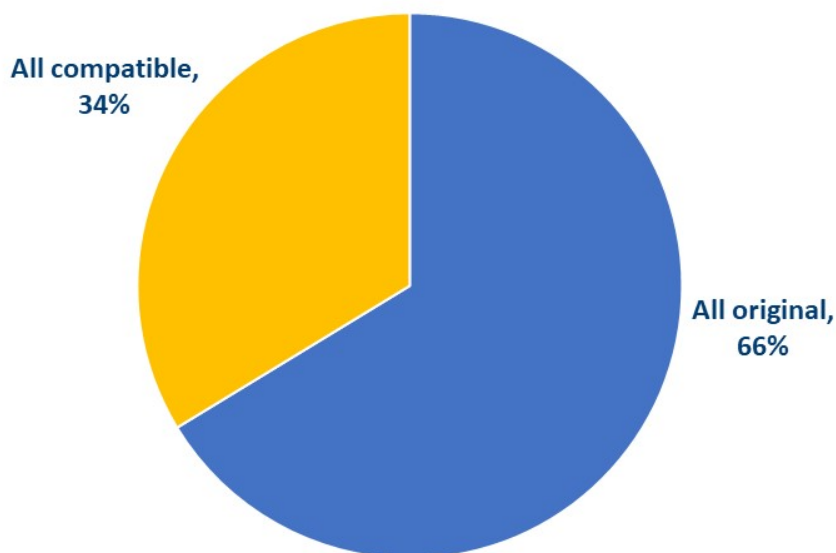
PRESS RELEASE

System rationalisation and a sharp transition towards Aluminium shake up the capsules industry

AMI, Bristol, 29/09/2020 – AMI Consulting has published its authoritative [report](#) mapping the global Single Serve Capsules industry. The [report](#) aims to support the development of robust participation strategies by equipping industry players and investors with a comprehensive understanding of scale of potential for future development, growth dynamics per system, market drivers and competitive pressures.

All compatible capsules (both plastic and Aluminium variants) accounted for over a third the single serve capsules market worldwide in 2020, a staggering increase of over 9 billion units in comparison with 2018. There is a clear trend towards rationalisation of systems, with a clear focus on Nespresso and Dolce Gusto in Europe and K-cup in the US. Those 3 systems account for 81% of the global market.

Figure 1: Penetration of compatible capsules, 2020



©AMI Consulting, 2020

An AMI Consulting report: Single serve capsules – Global market overview 2020

Smaller systems may still offer reasonable returns but have limited growth potential beyond home markets. To this end, virtually all proprietary systems fillers have now diversified their brand presence to accommodate Nespresso and Dolce Gusto compatible variants, either in-house or via contract-packing agreements.

Nespresso system is the biggest global capsules platform. In 2020, the production of original Nespresso (including VertuoLine and Starbucks Nespresso) was almost matched with the magnitude of Nespresso compatibles. The compatible Nespresso system was the main contributor to growth, most via Aluminium packaged variants. The original Nespresso platform is struggling to sustain its previous dynamics. The deal with Starbucks, whereby Nestlé now fills and markets Starbucks branded Nespresso capsules, opened the door for global mainstream retail rollout platform to mitigate the risks.

The compatibles' need for differentiation resulted in capsule material and barrier specification adjustments, impacting positioning. The (Nespresso) market is now in the process of dramatic transition from plastic to Aluminium. As a result, the industry has been gearing up to accommodate the change, both on the filling side – with investment in Aluminium filling lines and retrofits; and on the empty capsule supply side, whereby compatibles suppliers are having to diversify their portfolio to include Aluminium. There are very high barriers to entry with Aluminium, so the competitive context has been intense, and the 'Aluminium game' will determine new winners and losers.

Nespresso has put all the efforts in establishing the collection and recycling infrastructure for its used capsules. Following Nespresso's open invitation in March 2019 to join in forces in its recycling scheme. Further milestone announced by Nespresso is an increase in material circularity with using 80% recycled Aluminium content.

Meanwhile, innovation in plastic capsules focuses on recycling-ready PP solutions, including polyolefin based lidding film. Provided that other materials in the multilayer structure do not exceed 5%, used capsules can in theory be recyclable in the PP stream.

In parallel, bio-resins have developed a meaningful presence in the value chain. Albeit their penetration is still small considering global volumes, the current market context is attractive and facilitating further developments.

FURTHER INFORMATION:

Name: Martyna Fong, Consulting Manager – Packaging & Recycling
Tel: +44 (0)117 924 9442
E-mail: Martyna.fong@ami.international

In addition to market intelligence, AMI organises annual events, including:

- [Single Serve Capsules Europe - 2020](#)
- [Thin Wall Packaging Europe - 2020](#)
- [Single Serve Capsules North America - 2021](#)
- [Thin Wall Packaging North America - 2021](#)