

Future of Semiconductor and IC Packaging Materials Market set to reach USD 93.7B by 2031 | DataM Intelligence 2025

Global IC Packaging Materials Market research reveals growth projections, industry demand, and investment opportunities through 2031.

YOKOHAMA, KANAGAWA, JAPAN,
September 3, 2025 /EINPresswire.com/
-- Market Size and Forecast

According to DataM intelligence report, [Semiconductor and IC Packaging Materials Market](#) stood at USD 43.1 billion in 2023 and is forecast to climb to USD 93.7 billion by 2031, reflecting significant expansion at a CAGR of 10.2% from 2024 to 2031.



This expansion is not just volume-driven; it reflects the industry's shift toward miniaturization, thermal management, higher I/O density, and improved electrical performance. The packaging materials ecosystem has become as critical as the chips themselves, with next-generation materials directly influencing power efficiency, device reliability, and overall system performance.

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The U.S. semiconductor packaging materials market is growing with advanced packaging demand and government-backed manufacturing incentives. Market Size and Forecast”

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Technical Innovations Driving Growth

Organic Substrates Lead the Market

1. Organic substrates represent the largest share of the packaging materials market, owing to their superior electrical insulation, cost-effectiveness, and adaptability across a wide range of semiconductor devices. They are widely used in mobile phones, laptops, and high-performance computing systems.

Advanced Packaging Technologies

2. The ongoing transition from traditional wire bonding to flip-chip, fan-out wafer-level packaging (FOWLP), 2.5D, and 3D IC packaging is shaping demand patterns. These methods allow chipmakers to achieve higher integration, faster data transfer rates, and better thermal management.

3. FOWLP is particularly promising, as it enables thinner, lighter devices and has already been adopted for high-performance processors and GPUs.

4. 2.5D and 3D packaging provide enhanced performance for AI, cloud computing, and data center applications by stacking dies and reducing interconnect lengths.

Materials Advancements

Newer materials, such as build-up films, redistribution layer (RDL) materials, underfills, encapsulants, and high-performance bonding agents, are being developed to cope with complex architectures. One notable example is Ajinomoto Build-up Film (ABF), which has become indispensable in advanced IC packaging, and global suppliers are scaling production to meet surging demand.

AI-Driven Optimization

Artificial intelligence is increasingly integrated into manufacturing and packaging processes. AI helps optimize material selection, detect defects in early stages, and improve yield rates, leading to cost efficiency and better quality control.

Key Players:

1. Intel
2. Amkor Technology
3. Deca Technologies
4. Siemens
5. Samsung
6. Advanced Semiconductor Engineering Inc
7. Taiwan Semiconductor Manufacturing Company
8. Microchip Technology

9. Synapse Electronique
10. FlipChip International LLC

Regional Analysis

Asia-Pacific: The Global Hub

The Asia-Pacific region holds the leading position in the semiconductor packaging materials market. Countries like China, Taiwan, South Korea, and Japan are leading both in semiconductor manufacturing and packaging material production. This dominance is reinforced by integrated supply chains, government support for electronics exports, and the presence of leading foundries.

North America: Scaling Domestic Capabilities

North America, led by the United States, is experiencing renewed growth in packaging materials due to government incentives supporting the domestic semiconductor ecosystem. Investments are being channeled into advanced packaging facilities, such as glass substrate manufacturing, with the goal of reducing reliance on overseas supply chains and strengthening technological independence.

Europe: Building Niche Strengths

Europe, while smaller in market share, is advancing in automotive semiconductors and specialty materials. With its focus on electric vehicles and renewable energy systems, the region's packaging material demand is growing in applications that require both reliability and sustainability.

Supply Chain Diversification

A key trend is the diversification of supply chains. Major players are expanding operations beyond traditional hubs to Southeast Asia, Japan, and parts of Europe to mitigate geopolitical risks and reduce overdependence on a single region.

Market Segments:

By Type: (Organic Substrates, Bonding Wires, Leadframes, Ceramic Packages, Die Attach Materials, Thermal Interface Materials, Solder Balls, Encapsulation Resins, Others)

By Technology: (Grid Array, Wafer-level Packaging, Small-outline Package (SOP), Flat no-leads Packages, Dual In-line Packages, 3D Packaging, Others)

By End-User: (Consumer Electronics, Automotive, Healthcare, IT & Telecommunication,

Aerospace and Defense, Others)

By Region: (North America, Europe, South America, Asia Pacific, Middle East, and Africa)

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Commercial Trends

Automotive Electronics: With electric vehicles and autonomous driving technologies expanding, demand for robust and thermally stable packaging materials is rising sharply.

5G and Telecommunications: The rollout of 5G networks is accelerating demand for advanced IC packaging materials that support higher frequency and faster data rates.

Consumer Electronics: Smartphones, wearables, and laptops remain major contributors to packaging material consumption, but the emphasis is shifting toward smaller, thinner, and more powerful devices.

High-Performance Computing (HPC): AI and cloud computing workloads are driving requirements for packaging solutions capable of handling extreme data processing needs.

DataM Intelligence Insights & Recommendations

As the analysis provider, DataM Intelligence identifies six critical focus areas for stakeholders:

Prioritize Organic Substrates: These materials hold the largest market share and will continue to dominate due to scalability and performance.

Invest in Advanced Packaging: Flip-chip, FOWLP, and 3D IC packaging are becoming the backbone of next-generation devices. Early adopters will capture long-term advantages.

Leverage AI in Manufacturing: Incorporating AI into packaging workflows enhances quality assurance and reduces production costs.

Regional Diversification: Companies should build a presence in both APAC and North America, while also tapping into Southeast Asia and Europe for resilience.

Collaborative R&D: Partnerships with material innovators such as suppliers of ABF films and advanced underfills are essential to remain competitive.

Expand End-Use Verticals: Beyond consumer electronics, high-growth opportunities exist in automotive, data centers, and 5G infrastructure.

Conclusion

The semiconductor and IC packaging materials market is becoming a key pillar of the global electronics sector, with its size expected to nearly double within the next ten years. The demand for advanced packaging solutions is being propelled by miniaturization, AI, 5G, and electrification of mobility.

According to DataM Intelligence, the winners in this market will be those who balance innovation with supply chain resilience, invest in advanced material R&D, and strategically align with growth industries like automotive and HPC. With a CAGR of nearly 7–10%, the sector offers both technical challenges and lucrative opportunities for companies prepared to adapt to the next generation of semiconductor technologies.

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