

# STATE OF THE INDUSTRY REPORT

## 2018 EXECUTIVE SUMMARY



**FOODSERVICE PACKAGING  
INSTITUTE®**

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## INTRODUCTION

Every year, the Foodservice Packaging Institute (FPI) conducts surveys to gather information about the industry. The surveys review issues, such as changes to volume and profits, expansion and purchasing plans, opportunities and challenges facing the industry, etc. The surveys, sent to both FPI members and non-members, represent the entire value chain in North America, including:

- raw material suppliers;
- machinery suppliers;
- converters;
- foodservice distributors; and
- foodservice operators.

Participation in the surveys is completely voluntary, and respondents can opt out of any question asked.

The results of these surveys are compiled to create FPI's annual "State of the Industry Report."

In 2018, more than 80 organizations from the foodservice packaging value chain in North America responded to the surveys. Their responses were tabulated and published in a 50-page "State of the Industry Report," which was distributed to FPI members and contributing participants only. What follows are the highlights from the 2018 report.

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According to survey results, more than two thirds of foodservice packaging manufacturers and suppliers experienced growth in volume, while more than 40 percent reported profit growth in 2017. This year, 84 percent of the industry expect volume expansion and 67 percent expect profit growth. Foodservice operators who responded also saw increased sales and were overwhelmingly optimistic that this trend would continue throughout 2018.

In another positive sign for the industry, more than 60 percent of the North American manufacturers reported another year of corporate expansion plans through construction of new facilities, expansion of current facilities, and mergers and acquisitions. Similar to previous years, more than 80 percent of North American converters also plan to purchase machinery in 2018.

As in previous years, respondents continue to view the fast-casual and quick-service sectors as the greatest areas for market expansion. This is due to their continued popularity and ability to adapt to an evolving consumer with offerings such as home delivery, e-commerce solutions, and the desire for a quick food experience that's not "fast food." Respondents also foresee continued market expansion in areas such as grocery stores because of improved food quality and meals-to-go — either ready-made or in make-at-home kits — as these stores try to compete with quick-service and fast-casual restaurants.

When asked about challenges facing the industry, North American converter and supplier respondents had varied opinions with traditional business issues, like labor and raw material costs showing up alongside increasing environmental issues. The results highlighted five common challenges facing the industry (ordered from most to least important):

1. Increasing raw material costs.
2. Lack of qualified labor.
3. Increasing government legislation / regulation.
4. Public perception of packaging or foodservice packaging as "waste."
5. Recovery / end-of-life options for foodservice packaging.