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RESULTS SUGGEST GROWING ENTHUSIASM IN FOODSERVICE PACKAGING INDUSTRY

(April 26, 2011 -- Falls Church, Va.) The results of the Foodservice Packaging Institute (FPI)'s "Foodservice Packaging Industry Surveys" indicates a growing enthusiasm within the industry for 2011. The annual surveys gauge the state of the industry among top manufacturers and their suppliers in North America and Europe, as well as their customers.

Survey results found that 88 percent of foodservice packaging manufacturers in North America expect their sales volume to be better this year. This is up from 75 percent who reported better sales volume in 2010. The surveys also found that 81 percent of North American manufacturers expect their profits to be better in 2011 versus 40 percent of respondents who indicated better profits for 2010. In Europe, 75 percent of respondents are expecting volumes to be higher and 33 percent anticipate profits to be better than last year. Eighty percent of North American raw materials suppliers and 50 percent of machinery suppliers surveyed also indicated better expectations for both sales volumes and profits in 2011.

Respondents indicated expansions were planned for 2011, with nearly half of North American manufacturers and suppliers suggesting expansions to existing plants in North America. In Europe, almost three quarters of respondents plan expansion to existing facilities located in Europe.

According to survey results, acquisition of machinery is a priority in 2011, with 81 percent of manufacturer respondents planning to purchase new machinery and 18 percent of respondents looking to obtain used machinery. In Europe, 44 percent of

manufacturer respondents suggested plans to purchase new machinery and 11 percent would seek out used machinery.

“Our industry has weathered the storm of the last couple of years. Respondents seem more optimistic and are positioning themselves to handle potentially greater volumes as foodservice sales slowly recover. Manufacturers are making investments in the future, certainly a sign of good things to come,” said FPI President Lynn M. Dyer.

Survey respondents indicated they believe fast-casual restaurants will see strong growth in single-use packaging usage in the next five years, followed by quick service restaurants. Hospitals, convenience stores and catering rounded out the top five market segments respondents considered to have strong growth potential.

While there is enthusiasm about the future, foodservice packaging manufacturers and their suppliers also see challenges ahead. Five common issues ranked in the top ten for the both the European and North American foodservice packaging industry respondents. They are:

1. Increasing raw material costs
2. Margin compensation
3. Global economic recession recovery
4. Development of new products in response to calls for “sustainable” packaging
5. Government regulations

Customers of the foodservice packaging industry are also more optimistic this year than they were in 2010. Over three quarters of the North American foodservice operator respondents expect better sales this year. This is an increase from the 43 percent of respondents who reported better sales for 2010.

While half of operators expect their catering offerings to increase this year, 80 percent of operators expect their take out (drive-thru, carryout or delivery) sales to remain the same in 2011, with only 10 percent reporting better expectations in the take out arena.

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