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## Foodservice packaging industry getting more optimistic

### FPI survey shows increasing confidence among manufacturers

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According to the results of the Foodservice Packaging Institute (FPI)'s "Foodservice Packaging Industry Surveys," optimism in the foodservice packaging industry is up this year compared to last year. The surveys gauge the state of the industry among top manufacturers and their suppliers in North America and Europe as well as operators and distributors.

One of the surveys found that 82 percent of foodservice packaging manufacturers in North America expected their sales volumes to be better this year than last. This is up from a mere 42 percent 2009. The surveys also found that 55 percent of North American manufacturers expect their profits to be better than last year, which is on par with 2009 expectations.

In Europe, 63 percent of foodservice packaging manufacturer respondents are expecting volumes to be higher and 38 percent are expecting profits to be better than last year. New machinery will be purchased by 88 percent of respondents this year.

Despite the challenges in the face of a global economic recession, respondents reported that they believe quick service restaurants will see strong growth in single-use packaging usage in the next five years, followed by supermarket/grocery stores.

"I think that this year's findings indicate that manufacturers and their suppliers are benefiting from the fact that the foodservice packaging industry continues to be somewhat recession-resistant," said John R. Burke, FPI president. "Despite the economy, respondents told us that they expect their sales volumes to rise in 2010. And, half of our manufacturing respondents said they were planning to expand in the year ahead, mainly through expansion of existing plants or mergers and acquisitions. This is a reflection of their optimism about the future of single-use foodservice packaging."

Just over half of North American manufacturers responding said they plan to purchase new machinery in 2010 (with just under a quarter planning to purchase used machinery). In addition, almost all machinery suppliers, as well as raw material suppliers, expect 2010 to be the same or better as last year in terms of volume and profit.

Foodservice packaging manufacturers and their suppliers see some challenges ahead with five common issues that ranked in the top ten for the European and North American foodservice packaging industry respondents:

- Increasing raw material costs
- Margin compensation
- Global economic recession recovery
- Public perception of packaging or foodservice packaging as "waste"
- Development of new products in response to calls for "sustainable" packaging.

The foodservice packaging industry's customers are more optimistic this year than they were in 2009. According to 53 percent of North American foodservice operators surveyed, sales are expected to be better this year. This is a slight increase from 2009. Among foodservice packaging distributors surveyed, 67 percent said they expect 2010 to be better than last year.

Of particular interest to the foodservice packaging industry is that nearly half of operators expect their take out (drive-thru, carryout or delivery) sales to increase in 2010. And a third of operators expect their catering offerings to increase this year as well.

SOURCE: *Foodservice Packaging Institute*

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