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Paper versus Plastic in Packaging

US Industry Study with Forecasts for **2012 & 2017**

Study #2443 | January 2009 | $4700 | 363 pages

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US Industry Study with Forecasts for *2012 & 2017*

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Table of Contents

(continued on next page)

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US Industry Study with Forecasts for ***2012 & 2017***

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Table of Contents

COMPANY PROFILES

(continued on next page)

List of Tables/Charts

EXECUTIVE SUMMARY

MARKET ENVIRONMENT

PACKAGING OVERVIEW

COMPETITIVE PRODUCT PACKAGING

COMPETITIVE SHIPPING & RETAIL PRODUCTS

INDUSTRY STRUCTURE

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Advances in competitive plastic packaging will result from it's advantages over paper, including light weight, moisture resistance, enhanced barrier properties and puncture resistance.

Plastic packaging to continue gains on paper

In selected packaging markets where paper and plastic compete, plastic will continue to increase its overall volume share as it makes further inroads into paper applications. Plastic's share of the market will expand more slowly than in the past decade, as a number of packaging applications are now fairly mature in terms of the share controlled by plastic. Nonetheless, material enhancements which enable extended shelf life and increased durability, along with reduced material requirements and the addition of convenience features such as resealability and steam cooking, will fuel continued opportunities for plastic packaging.

Plastics' cost/performance advantages to spur growth

Advances for plastic will be the result of its competitive cost and performance advantages, including light weight, moisture resistance, enhanced barrier properties and puncture resistance. Plastic has continued to expand its share in a number of markets despite the sharp spike in resin prices in recent years. More moderate resin pricing through 2012 should make plastic even more competitive. In the milk and juice markets, plastic will continue to capture a greater percentage of gallonage. Furthermore, plastic will log more rapid growth in smaller sized milk bottles, driven by conversions from gabletop cartons in schools and quick service restaurants.

Though paper packaging will post limited advances or continue to decline in most markets through 2012, paper will log relatively favorable gains in a handful of markets and maintain a substantial lead over plastic. These markets include foodservice, protective packaging, frozen food, and soy and other nondairy beverages. For instance, paper packaging demand in foodservice applications will be supported by ongoing industry revenue growth and paper's prevalence in key applications like pizza, doughnuts, sandwiches, french fries, and Mexican and Asian foods, as well as the continued popularity of takeout food from quick service restaurants. Bans on foam containers in some areas will also boost opportunities for paper containers.

Both rigid, fexible types to grow at same pace

Aggregate rigid and flexible packaging demand will expand at the same pace, with rigid packaging prospects aided by above-average growth for tubs and cups, trays and other plastic containers such as clamshells and two-piece high visibility plastic containers. Flexible packaging advances will be aided by above-average prospects for pouches, bags and wraps, and protective packaging in light of greater cost effectiveness, space savings, lighter weight and overall source reduction capabilities. In competitive shipping and retail products, the fastest percentage increases for plastic are anticipated in shipping sacks and drums.

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Sample Text, Table & Chart

TABLE IV-6

DAIRY PRODUCT MARKET FOR COMPETITIVE PAPER & PLASTIC PACKAGING (million pounds)

Item	1997	2002	2007	2012	2017
Dairy Product Shipments (bil 2000$)					
lbs pkg/000$ shpts					
Dairy Packaging Demand					
Plastic:					
Rigid Containers					
Flexible Packaging					
Pouches					
Paper:					
Rigid Containers					
Flexible Packaging					
% plastic					
% paper					

SAMPLE TABLE

COMPETITIVE PRODUCT PACKAGING

Foodservice

The foodservice segment is one of only a few areas whe packaging will register abov ongo of share to plastic. Demand ervice ing is projected to increase 2 billi in 2012. Plastic packaging ter pa paper, though paper flexible abov advances. Foodservice pack y of able paper, paperboard and pl as pizz boxes, folding cartons, carryout containers, wraps, bags and such as packaging trays and sleeves.

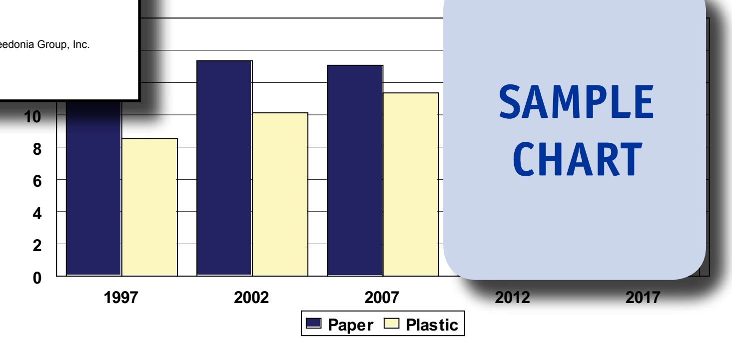
SAMPLE TEXT

Growth in the foodservice industry will be driven by the portion of food expenditures on food prepared away from home as consumers are increasingly willing to pay for convenient, ready-to-eat offerings that provide alternatives to what is typically made at home. The fast-paced lifestyles of many consumers have resulted in reduced time available for meal preparation, which will continue to increase the percentage of meals eaten or prepared away from home. Additional trends that will fuel foodservice revenue growth include above-average expansion in the 55-year-old and above age groups and increased numbers of households where all adults work. Favorable growth in the more mature population segments will boost revenue prospects for eating and drinking places as these individuals are more affluent than younger consumers and are willing to pay for the convenience of restaurant food. Rising levels of households where all adults work will favorably impact foodservice revenue growth as time is at a premium for these consumers. While consumer spending is expected to decelerate from the pace of the past decade, increases will remain favorable, with limited service and casual dining establishments expected to benefit the most from more moderate spending patterns. Moreover, prospects for eating and drinking

177

CHART III-3

MPETITIVE PAPER & PLASTIC PACKAGING DEMAND BY MATERIAL, 1997-2017 (billion pounds)



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Sample Profile, Table & Forecast

TABLE V-8

PROTECTIVE PACKAGING MARKET FOR COMPETITIVE PAPER & PLASTIC PACKAGING (million pounds)

Item	1997	2002	2007	2012	2017
Manufacturers' Shipments (bil 2000$)	3				320
lbs pkg/000$ mfr shpts					33
Paper/Plastic Protective Packaging					40
Paper:					00
Rigid Packaging					11
Flexible Packaging					89
Plastic:					40
Flexible Packaging					17
Rigid Packaging					23
% paper					4.0
% plastic	36.5	39.2	41.4	44.0	46.0

SAMPLE TABLE

COMPANY PROFILES

Advance Polybag Incorporated
1470 First Colony Boulevard
Sugar Land, TX 77479
713-580-4800
http://www.apicorp.com

Annual S
Employ

Key Pro

Adv nufacturer of plastic retail bag nts, convenience stores an des bag printing services. ahoma City, Oklahoma and Kenner, Louisiana. Other operations include sales offices in Chicago, Illinois; Columbus, Ohio; Philadelphia, Pennsylvania; Las Vegas, Nevada; and New Orleans, Louisiana.

SAMPLE PROFILE

The Company's bags are manufactured via two-layer coextrusion technology to provide greater strength than monolayer bags. API's main products are available under the CO-XXTRA and TOUCH-N-GO brand names. For example, CO-XXTRA t-shirt bags are coextruded from high density polyethylene (HDPE) and low density polyethylene (LDPE), thereby providing the strength of HDPE and the appearance and texture of LDPE. TOUCH-N-GO bags are designed for front-end operations. TOUCH-N-GO bags are designed to self-open when the preceding bag is filled and removed. Other bags made by API include gusseted produce bags, which are engineered for easy, one-handed opening and filling.

266

"Demand for plastic protective packaging is forecast to climb 3.9 percent yearly to 2.2 billion pounds in 2012. Above-average gains for plastic will result from a number of performance advantages, including light weight and excellent cushioning, coupled with expanding Internet sales and heightened specialized packaging requirements in the electronic, medical and other industries. By 2012, plastic will account for an increased 44 percent of combined paper and plastic protective packaging in volume terms."

--Section V, pg. 215

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Other Studies

World Pressure Sensitive Tapes

This study analyzes the global pressure sensitive adhesive (PSA) tape industry. It presents historical demand data (1997, 2002, 2007) and forecasts for 2012 and 2017 by product type (e.g., carton sealing, masking, electrical and electronic, double-sided, medical), backing material (e.g., polypropylene, PVC, paper), raw material, world region and major country. The study also considers market environment factors, details industry structure, evaluates company market share and profiles industry competitors.

#2451 .... 02/2009..................... $5800

Cups & Lids

US demand for cups and lids will advance 4.3% annually through 2012. Drinking cups will remain the dominant cup type while packaging cups will grow the fastest. Growth in lids will outpace cups as more drinking cups use lids, especially higher-value specialty lids. Foodservice will remain the dominant market while food packaging grows more rapidly. This study analyzes the $6.3 billion US cup and lid industry, with forecasts for 2012 and 2017 by product and market. It also details market share and profiles major players.

#2429 .... 11/2008..................... $4600

Beverage Containers

US demand for beverage containers will grow 2.4% annually through 2012. Gains will be driven a healthy outlook for single serving containers and enhanced or functional beverages. Plastic containers will remain the largest and fastest growing segment. Bottled water will continue to post above-average market gains. This study analyzes the $22.5 billion US beverage container industry, with forecasts for 2012 and 2017 by type and market. It also evaluates company market share and profiles major players.

#2423 .... 11/2008..................... $4700

Produce Packaging

US produce packaging demand will rise 4.2% yearly through 2012. Corrugated boxes will stay the top segment, driven by a shift toward more costly types (e.g., modular, lined, moisture-resistant recyclable). Plastic containers will grow the fastest based in part on the expanding use of clamshells and bowls in ready-to-eat, fresh-cut produce. This study analyzes the $3.8 billion US produce packaging industry, with forecasts for 2012 and 2017 by type, application and end user. It also evaluates market share and profiles industry players.

#2388 .... 08/2008..................... $4600

Plastic Containers

US plastic container demand will grow 5.4% annually through 2012, driven by plastic's many advantages over other packaging media. Plastic bottles and jars will remain the dominant category, while other types such as plastic cans and squeeze tubes grow the fastest. PET will continue as the leading plastic container resin. This study analyzes the 13.5 billion pound US plastic container industry, with forecasts for 2012 and 2017 by resin and product. It also evaluates company market share and profiles industry competitors.

#2378 .... 07/2008..................... $4600

About The Freedonia Group

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