Protective Packaging

US Industry Study with Forecasts for 2018 & 2023

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US demand to rise 4.5% annually through 2018

Protective packaging demand in the US is projected to increase 4.5 percent per year to $6.4 billion in 2018, an improvement from the 2008-2013 performance based on a strengthening of the economy, including recoveries in the manufacturing and construction segments, which were hit hard during the 2007-2009 recession. Continued robust growth is also expected for Internet shopping, buoyed by the convenience of mobile access to retailer websites along with an improved outlook for consumer spending. These factors will necessitate heightened requirements for cost-effective packaging used in the protection of goods from shock, vibration, abrasion, and other damaging effects of shipping and handling.

Air pillows, insulated shipping containers among best opportunities

The fulfillment of e-commerce sales will be the most significant driver of growth for protective packaging, supporting healthy gains for products such as protective mailers, air pillows, and bubble packaging. Air pillows will be among the fastest growing protective packaging products, with gains benefiting from advantages over other void-fill materials in terms of cost-effectiveness and reduced material use. Advances will also reflect solid gains for value-added products such as insulated shipping containers, the result of expanding specialized handling requirements for temperature-sensitive pharmaceuticals, a growing regulatory focus on compliance with storage temperature limit requirements, and increased online sales of perishable foods.

In addition to an upswing in manufacturing output, protective packaging demand growth in the manufacturing market will be aided by the shifting of some basic manufacturing operations back to the US, a reversal of the outsourcing trend of recent decades that has limited domestic manufacturing gains. These factors will bode well for related protective packaging, especially plastic foam, molded pulp, and paperboard protectors. Advantages of molded foams include light weight; relatively low cost; excellent cushioning, blocking, and bracing capabilities; and suitability for customization. Rolled foams provide good cushioning and abrasion resistance performance along with the ability to protect items that are irregularly shaped. Molded pulp will continue to make inroads into molded foam applications as product manufacturers increasingly focus on the sustainability of their packaging, especially in light of retailer initiatives that rate vendors more highly when their packaging meets certain guidelines. Healthy growth for warehouse clubs and home center stores will benefit edge protection products, as these items are used to unitize and stack pallets of manufactured goods for shipping to retailers.

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Demand for molded foam in protective packaging applications is projected to increase 4.5 percent per year to $840 million in 2018. Gains will improve from the performance of the recession-impacted 2008-2013 period and will benefit from a recovery in durable goods manufacturing activity. Prospects will also be aided by performance properties of molded expanded polystyrene that provide the light weight, relatively low cost, and excellent protective capabilities of molded expanded polystyrene. However, moderation in raw material pricing following spikes in several years during the 2003-2013 period will prevent faster advances.

Growth for molded polyolefins will outpace that of EPS and polyurethane through 2018 based on increased requirements for enhanced cushioning and scratch resistant properties in protective packaging. While cost and production advantages over other materials will support a rebound in value growth for molded EPS, demand is expected to increase slightly below the molded foam average, constrained by a rising trade deficit in significant markets such as household appliances. Molded polyurethane foam demand will increase in line with the molded foam average, aided by improved durable goods output relative to the 2008-2013 period and the presence of applications with more specialized shock and vibration dampening requirements. Preventing faster growth will be the material’s higher cost than EPS and polyolefin foams.

While opportunities for molded foam protective packaging through 2018 will improve from their 2008-2013 performance based on recovery in the manufacturing sector and some movement of formerly outsourced production back to the US, the longer term outlook for molded foam protective packaging will be constrained by growing competition from nonplastic alternatives that have comparable performance properties, environmental advantages such as compostability, and a less pricing volatility than are petroleum-based resins. Nonplastic alternatives have captured a growing share of the market for specialty packaging that utilizes lightweight, high shock absorption, and moisture-resistant properties, which make them attractive for the protective packaging industry. While opportunities for molded foam protective packaging through 2018 will improve from their 2008-2013 performance based on recovery in the manufacturing sector and some movement of formerly outsourced production back to the US, the longer term outlook for molded foam protective packaging will be constrained by growing competition from nonplastic alternatives that have comparable performance properties, environmental advantages such as compostability, and a less pricing volatility than are petroleum-based resins. Nonplastic alternatives have captured a growing share of the market for specialty packaging that utilizes lightweight, high shock absorption, and moisture-resistant properties, which make them attractive for the protective packaging industry.

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Automated Packaging Systems Incorporated
10175 Philipp Parkway
Streetsboro, OH 44241
330-342-2000
http://www.autobag.com

Annual Sales: $185 million (estimated)
Employment: 930 (estimated)
Key Products: packaging systems and related air-filled pillow, bubble, and tube packaging materials

Automated Packaging Systems (APS) is a privately held designer and manufacturer of packaging machinery and flexible packaging materials, including polyethylene bags. The Company’s products are used in packaging snack foods, automotive parts, toys, electronic equipment, pharmaceuticals, and medical products, among other items.

The Company is active in the US protective packaging industry through the making of packaging systems and related air-filled pillow, bubble, and tube packaging materials. Protective packaging systems made by APS include AIRPOUCH EXPRESS 3 and AIRPOUCH FASTWRAP types. The Company’s AIRPOUCH EXPRESS 3 packaging systems are designed to make air pillows that can be utilized as alternatives to paper, foam, and other packing materials. These systems are available in semi- and fully automatic models that can manufacture air pillows at speeds of up to 50 feet per minute. Additionally, APS produces AIRPOUCH EXPRESS 3 air pillow packaging systems that utilize vertical perforating processes in place of knives to slit film materials before filling.

Air pillows are manufactured by the Company using a range of films, including DURACLEAR 2000 linear low density polyethylene.
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### World Pressure Sensitive Tapes
World demand for pressure sensitive adhesive (PSA) tapes is projected to increase 5.0 percent annually to more than 50 billion square meters in 2018. Growth will remain the fastest in China, India and other rapidly developing countries, while more developed markets such as the US will see accelerating gains. This study analyzes the 39.3 billion square meter world PSA tape industry, with forecasts for 2018 and 2023 by tape type, backing material, world region, and for 22 countries. The study also evaluates company market share and profiles industry competitors.

#3163... May 2014........... $6300

### World Pallets
Global sales of pallets are projected to climb 5.0 percent annually through 2017 to 5.1 billion units. The Asia/Pacific region will be the fastest growing market and will surpass North America as the largest. Plastic pallets will grow the fastest based on their cleanliness and recyclability, while wood pallets will remain dominant based on their low cost. This study analyzes the four billion unit global pallet industry, with forecasts for 2017 and 2022 by product, market, world region, and for 25 countries. The study also evaluates company market share and profiles industry players.

#3116........ February 2014........... $6100

### World Corrugated Boxes
World corrugated box demand will rise 4.2 percent yearly to 234 billion square meters in 2017. The fastest growth will occur in developing areas, especially in the Asia/Pacific and Africa/Mideast regions. Food and beverages will remain the leading market while the nonfood nondurables segment will grow the fastest. This study analyzes the 190.7 billion square meter world box industry, with forecasts for 2017 and 2022 by raw material, market, world region and for 27 major countries. The study also evaluates company market share and profiles industry players.

#3042............ July 2013........... $6100

### World Protective Packaging
World demand for protective packaging will rise 6.3 percent annually to $24.5 billion in 2016. Foamed plastics will remain the largest segment but will lose market share to bioplastic and nonplastic products such as molded pulp and bamboo. Developing regions will see the fastest advances in demand. This study analyzes the $18 billion world protective packaging industry, with forecasts for 2016 and 2021 by product, material, function, market, world region and for 24 major countries. The study also evaluates company market share and profiles industry participants.

#2943............ September 2012........... $6100

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