



Retail Packaging Association Membership Survey Results 4th Quarter 2019

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Highlights

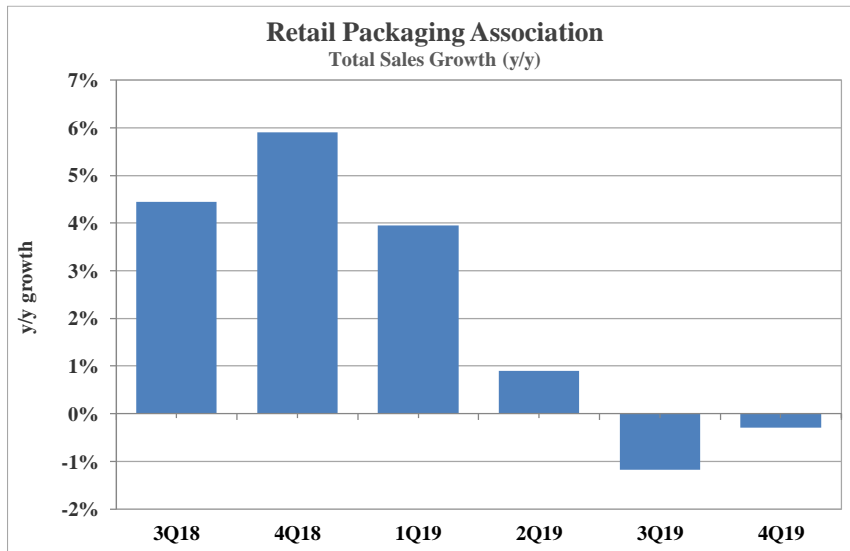


Highlights:

- 19 members completed the survey comprised of 9 distributors and 10 manufacturers.
- Sales growth remained slightly negative at down 0.3% on average in the 4th quarter with distributor's reporting ~1% decline in sales compared with flattish average growth for manufacturers.
- e-Commerce and Food service / Restaurants and again rated as the two strongest end markets while Mass Market / Nation Retail and Floral ranked were the weakest markets.
- Although pricing remains positive, the average increase continues to moderate from ~1% in 3Q and ~1.5% over the first half of 2019 to 0.5% in 4Q19.
- The outlook for 2020 was revised higher to 4.1% from the initial outlook of 1.8% last quarter. This implies an accelerated growth trajectory from 2019 which finished the year with an average growth rate of 0.8%.

4Q Sales Growth

Average sales in 4Q19 declined 0.3% year-over-year compared with a decline of 1.2% in 3Q19. A net 21% of participants categorized results as worse-than-expected (5% better-than-expected; 68% inline; 26% worse-than-expected). Manufacturers reported average growth of 0.1% while distributors saw an average sales decline of ~1%.



	Sales Growth (year-over-year % chg)					
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Distributors	5.5%	9.2%	-0.2%	0.0%	-4.3%	-0.8%
Manufacturers	3.1%	3.4%	5.2%	1.5%	0.9%	0.1%
Total	4.4%	5.9%	4.0%	0.9%	-1.2%	-0.3%

	Sales vs Expectations					
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Better-than-expected	26%	27%	24%	19%	15%	5%
Inline with expectations	44%	32%	65%	55%	45%	68%
Worse-than-expected	30%	41%	12%	26%	40%	26%
Net (% better - % worse)	-4%	-14%	12%	-7%	-25%	-21%

	Participants Reporting Sales Growth					
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Positive	67%	68%	59%	45%	35%	53%
Flat	4%	14%	24%	15%	15%	11%
Negative	30%	18%	18%	40%	50%	37%
Net (% pos - % neg)	37%	50%	41%	5%	-15%	16%

Price Contribution

Price contributed 0.5% to growth in the quarter down from ~1% in 3Q and ~1.5% through the first half of the year. This suggests volume decline was approximately 0.8%. A net 47% of participants reported higher product prices year-over-year down from 70% in 3Q and ~85% in the first half of 2019.

	Product Prices (year-over-year)					
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Higher	81%	64%	88%	82%	75%	53%
Same	15%	36%	12%	16%	20%	42%
Lower	4%	0%	0%	3%	5%	5%
Net (% Higher minus % Lower)	78%	64%	88%	79%	70%	47%
Avg Price Contribution to Growth	1.8%	1.8%	1.7%	1.3%	0.9%	0.5%