



State of the Industry Report

2022 Executive Summary



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INTRODUCTION

The Foodservice Packaging Institute (FPI) conducts an annual survey to glean information on the industry. FPI looks at issues, like changes to volume and profits; expansion and purchasing plans; opportunities and challenges facing the industry; and more. The survey is sent to FPI members and non-members, representing the entire value chain in North America, including:

- raw material suppliers;
- machinery suppliers;
- converters;
- foodservice distributors; and
- foodservice operators.

Participation in the survey is completely voluntary and respondents can opt out of any question asked. This year, no responses were received from foodservice distributors.

The results of this survey are compiled to produce FPI's 23rd annual State of the Industry Report.

In 2022, more than 47 organizations from the foodservice packaging value chain in North America responded to the survey. Their responses were tabulated and published in a 31-page State of the Industry Report, which was distributed to FPI members and contributing participants only. What follows are the highlights from the 2022 report.

All questions are welcome. Please contact Ashley Elzinga, Director of Sustainability & Outreach, at aelzinga@fpi.org with any questions or to participate in next year's survey.

EXECUTIVE SUMMARY

As we continue to crawl out from COVID-19's impact on the foodservice packaging industry, this year's State of the Industry Report indicates positivity in the industry. The results show more than 80% of foodservice packaging manufacturers and supplier respondents experienced growth in volume; while 31% reported profit growth. In a sign of confidence, 72% of respondents expect volume expansion and 58% expect profit growth this year. Foodservice operators who responded saw increased sales, as we move past pandemic closures and continue to see the relevance of delivery and takeout.

In the same split as in 2021, 50% of the North American manufacturers reported another year of corporate expansion plans through expansion of current facilities and mergers and acquisitions. Up from 80% in 2021, 93% of North American converters plan to purchase machinery in 2022.

Respondents continue to view the fast casual sector as the greatest area for market expansion. While fast casual has been seen as an area of growth in past surveys, this year's speculation is due largely to COVID-19 and post-pandemic health and safety concerns, as continued use of take-out is expected. It is also possible that this continuation is due to consumer habits formed during the pandemic or benefits of ordering through restaurant apps. Other areas, such as grocery stores and convenience stores, are also noted as opportunities for market expansion because of increased foodservice solutions and the popularity of being able to purchase grab-and-go products to eat at home.

North American converter and supplier respondents once again have varied opinions on the top challenges facing the industry. Moving up from lower positions in the 2021 survey, lack of qualified labor and increasing raw material costs move to the forefront, showing up along with environmental concerns and traditional business issues, like government legislation/regulation and margin compression. The results highlighted five common challenges facing the industry (ordered from most to least important):

1. Lack of qualified labor.
2. Increasing raw material costs.
3. Government legislation/regulation.
4. Recovery/end-of-life options for foodservice packaging.
5. Margin compression.