



State of the Industry Report

2025 Edition



FOODSERVICE PACKAGING
INSTITUTE®

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INTRODUCTION

Every year, the Foodservice Packaging Institute (FPI) conducts a 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.

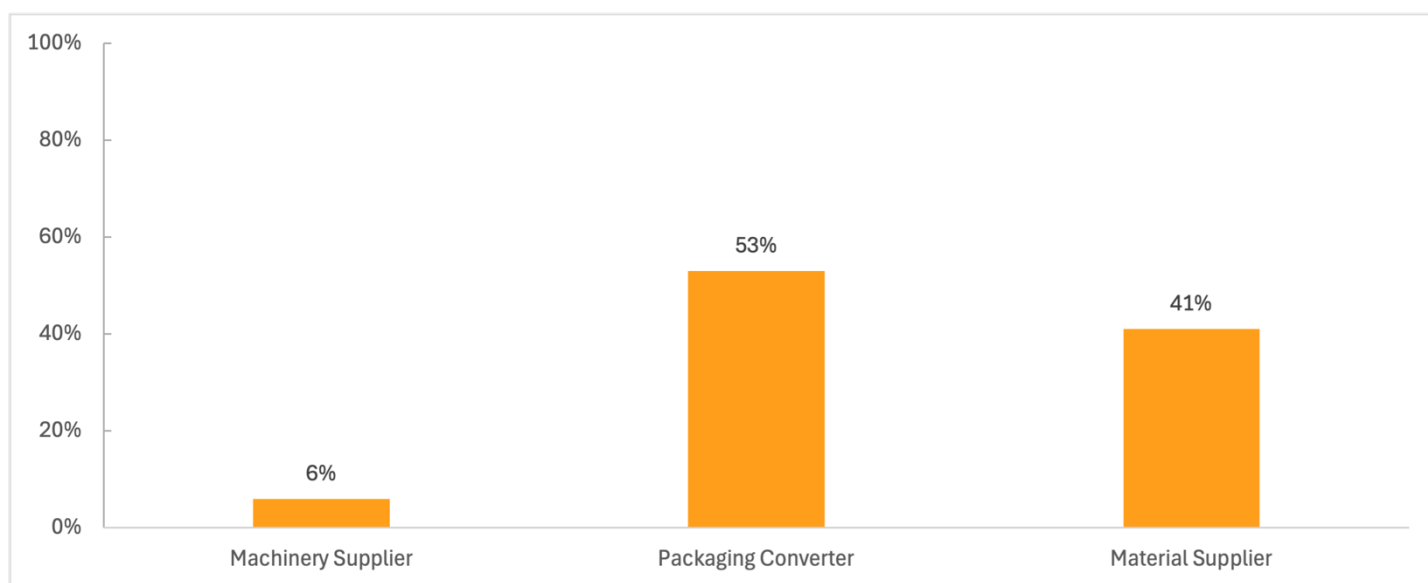
Using the data collected, FPI has produced its 26th annual “State of the Industry Report,” which contains questions and responses of the surveys conducted. Please note that responses included were taken verbatim, with very few exceptions. Results have been split into two sections:

- Pages 3-22: Converters, Raw Material Suppliers and Machinery Suppliers
- Pages 23-34: Foodservice Distributors and Foodservice Operators

All questions are welcome. Please contact Ashley Elzinga, Director of Sustainability & Outreach, at aelzinga@fpi.org.

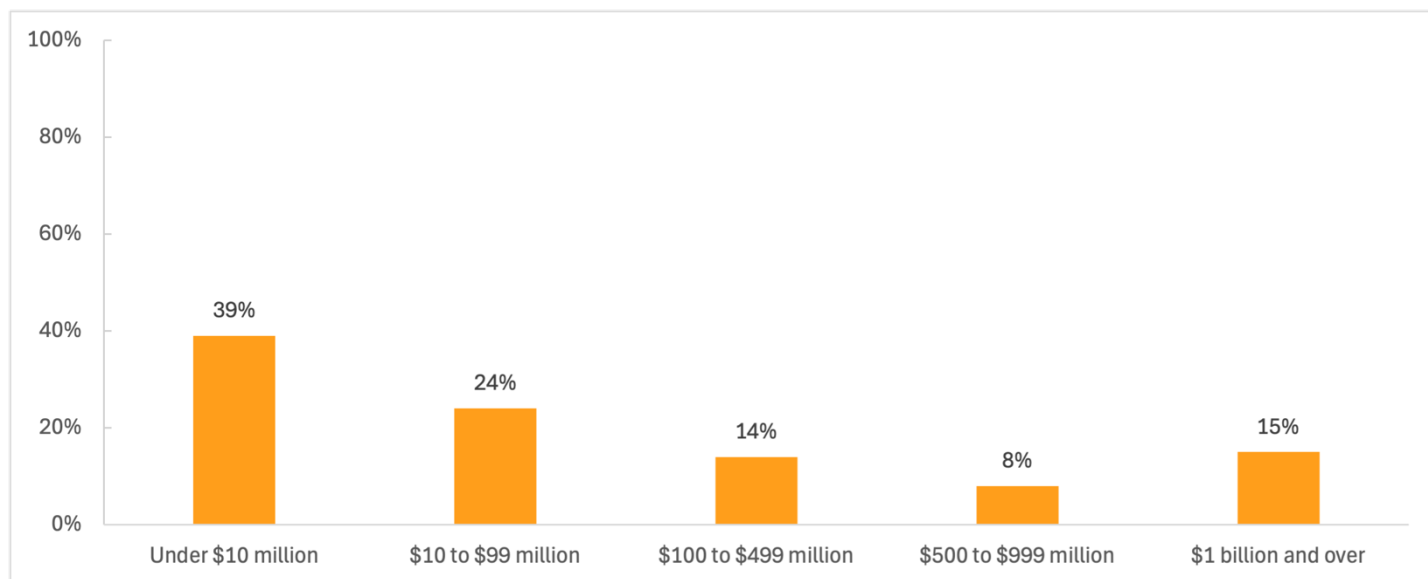
Converter, Raw Material Supplier and Machinery Supplier Results

Question 1. Are you a:



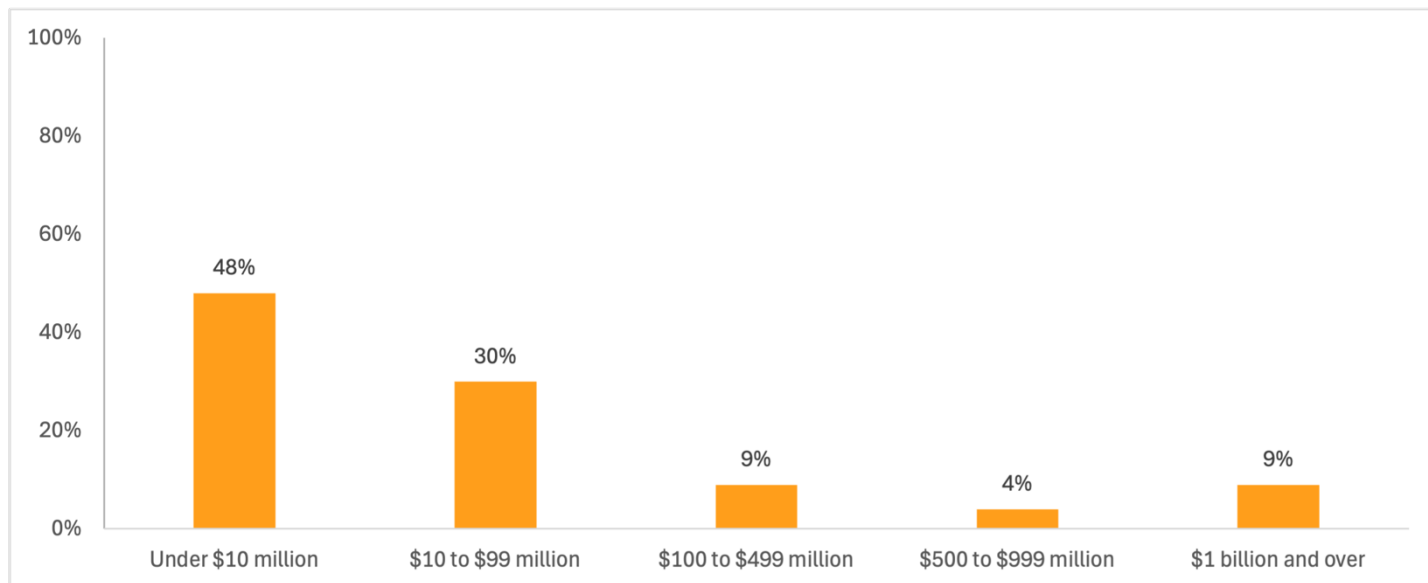
Total Count: 51

Question 2A. What were your firm's net global sales of foodservice packaging (i.e., cups, plates, cutlery, clamshells, etc.) products or materials for the foodservice packaging industry in the year 2024?



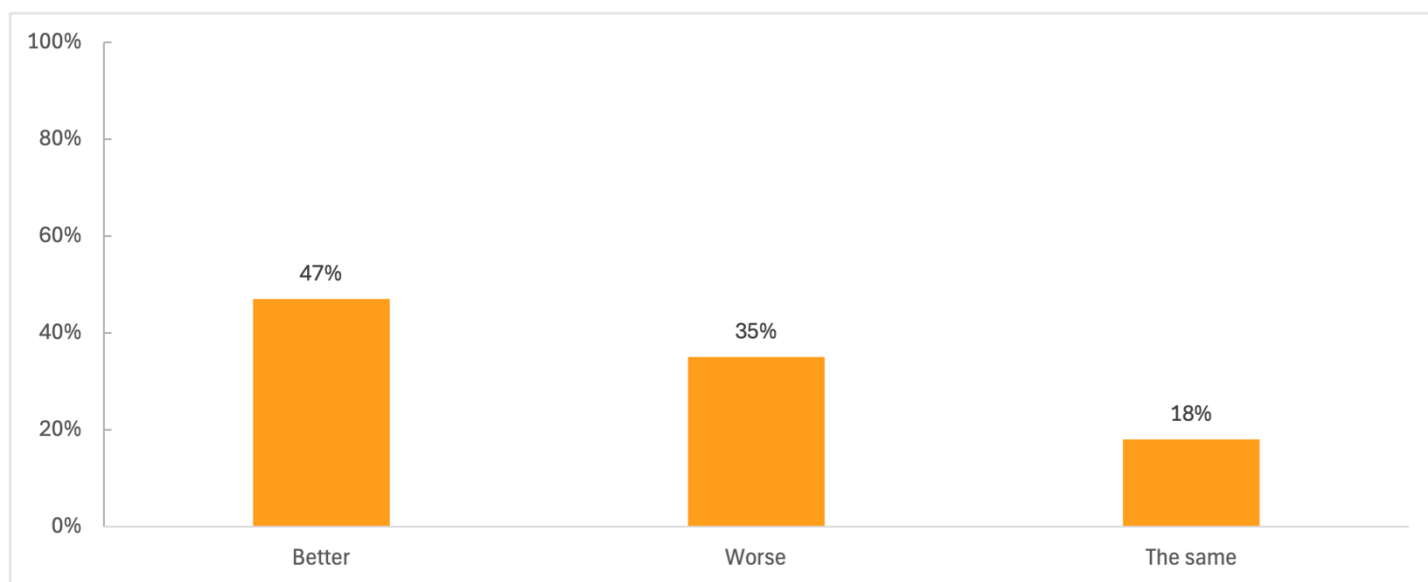
Total Count: 51

Question 2B. What were your firm's net global sales of food packaging (i.e., egg cartons, meat trays, dairy or produce containers, etc.) products or materials for the food packaging industry in the year 2024?



Total Count: 46

Question 3A. How do you rate 2024 compared to 2023, in terms of volume?



Total Count: 49

Key Influences:

Converters

Better...

- Changes in customer behavior, shrinking wallet, diet or trends.

- Increase competition (domestic and international).
- Innovation with new targeted customers, share gains with existing key customers, substrate shifts.
- Regulatory restrictions influencing customer buying.
- Slightly better volumes based on smaller operators outperforming the larger players.
- Some of our customers faced supply chain challenges and depended on our organization to help them recover from their setbacks. Thus, our volume increased exponentially.
- Tariffs.

Worse...

- Economy /inflation, foodservice market in a slump.
- Economy. Low growth due to higher costs.
- Foot traffic at national chains in Q1 caused a deficit to plan / forecast that we were never able to recover from.
- Legislative pressure, adverse economic factors, continual proliferation of imports.
- Poor manufacturing performance, raw material costs.
- Rising costs resulting in reduced discretionary income being spent by our customer's customer.

The same...

- About the same volume. Smaller operators outpacing larger operators.
- Sluggish economy, legislation targeting single-use packaging, continued competition from imports.
- Supply chain inventory levels were better balanced than 2023. Importers impacted volume with their low pricing.

Raw Material Suppliers

Better...

- Expansion.
- Growth in the market in general.
- Improving economy – destocking is over.
- Packing increases to fiber away from plastic.
- Plastic to fiber packaging. Sustainable products.
- Trends towards home compostability.

Worse...

- Competition.
- Market softening.
- Product substitution to PP/PET or Paper/fiber.

The same...

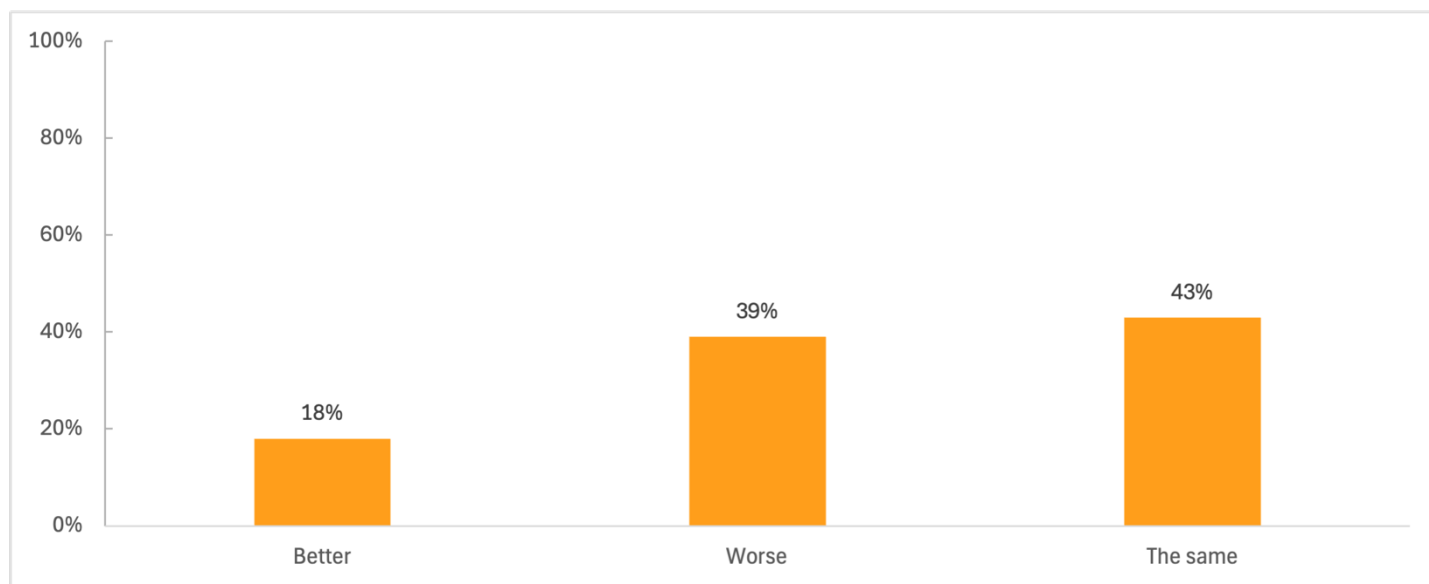
- Piecemeal regulations, long adoption cycles.

Machinery Suppliers

Worse...

- Heavy influx of low-cost imports from Asia, combined with a drop in volume at the QSR level, which were heavily impacted by the inflation driving higher costs, so in-store volume decreased.
- Over capacity because of Covid surge the prior years.

Question 3B. How do you rate 2024 compared to 2023, in terms of profit?



Total Count: 49

Key Influences:

Converters

Better...

- Material mix.

Worse...

- Aggressive imports/price pressures, labor still challenging, weaker market.
- Chinese imports. Selling finished goods, landed in US, at 65% of US raw material costs.
- Foodservice volume—market wide slump.
- Higher internal costs such as labor and other overall rising costs.
- Inflation.
- Legislative pressure, adverse economic factors, continual proliferation of imports.
- Price concessions due to import competition.
- Shift to lower profit items and cost cutting at operators really impacted profit. Sacrificed profit to hold onto volume.
- Sluggish economy, legislation targeting single-use packaging, continued competition from imports.
- Volume down, input costs up, increased competition.

The same...

- Able to maintain existing pricing while reducing costs.
- Heavy price pressure from operators dampened any gains from slightly better volumes.
- Heavy price pressure from operators dampened any increase in profit.
- More volume but very competitive pricing.
- Slow economy, lots of capacity in the market.

Raw Material Suppliers

Better...

- Move to fiber packaging.
- New technology and products.
- Pricing.

Worse...

- Competition.
- Margin reduction due to increased costs.

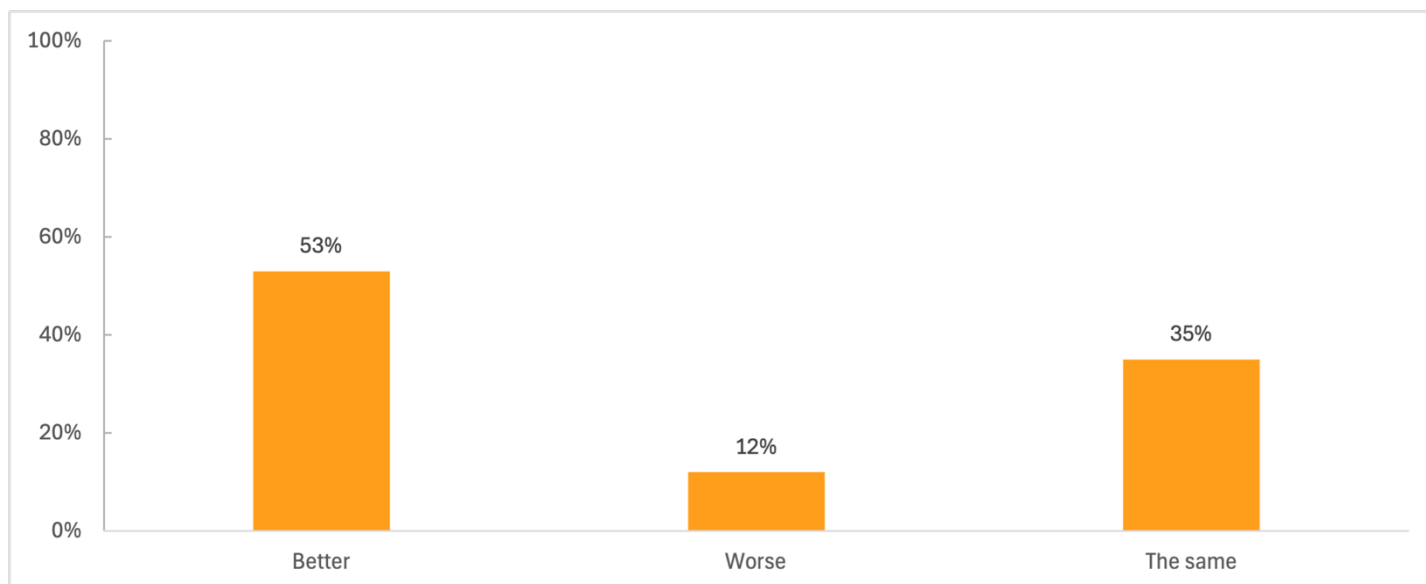
The same...

- Inflation.
- Market is still price-sensitive to sustainable alternatives to fossil based barriers.
- Rising costs of raw materials and transportation.

Machinery Suppliers

Worse...

- Less volume.
- We had to react with pricing to a much more competitive landscape with low-cost imports from Asia, so we had to reduce pricing that reduced gross margins.

Question 4A. How do you expect 2025 to be compared to 2024, in terms of volume?

Total Count: 49

Key Influences:**Converters****Better...**

- A mild recovery appears to be in play. There is optimism.
- Anti-dumping trade case finalized in April 2025, expected to place 597% tariff on Chinese imports of aluminum pans. The case is expected to be expanded to multiple countries - circumvention and transshipping. Also, Trump 25% tariffs on aluminum and steel imports (incl food containers) will also bring volume back to US. Imports accounted for 35-40% of total market.
- Expecting better volumes in 2025 as operators work hard to win back customers with value and the economy (inflation) continues to stabilize.
- Key business wins due to customer challenges in legislative markets.
- Made share gains at the end of Q3 and Q4 to help boost sales. Overall market growth is very low.
- New business growth, share growth with existing customers, full year realization of 2024 additions, customer inventory levels are below avg.
- Pending sales, stabilized costs.
- Tariffs and dumping and counter vailing.
- Tariffs and duties out of Asia pushing demand to US.

Worse...

- Continued competition from imports.
- With state foam bans increasing, this will impact volume. We do not anticipate a 1:1 conversion rate between foam and other materials.

The same...

- Economic concerns, Tariff discussions.
- Hermit economy.
- Uncertainty in the economy, continued pricing pressure.

Raw Material Suppliers

Better...

- Increased customer volume.
- Product expansion.
- Scaling key compostable programs driven by state EPR bills and potential federal support for composting infrastructure.
- The market trends are headed positively for our markets.
- US election, tariffs.

Worse...

- Over supplied.

The same...

- As regulations kick-in, especially SB54 in US, the wording will impact the fate of bioplastics and compostable alternatives.
- Consumers are still strapped. Inflation continues and the fear of the unknown.
- Economy is a bit down.

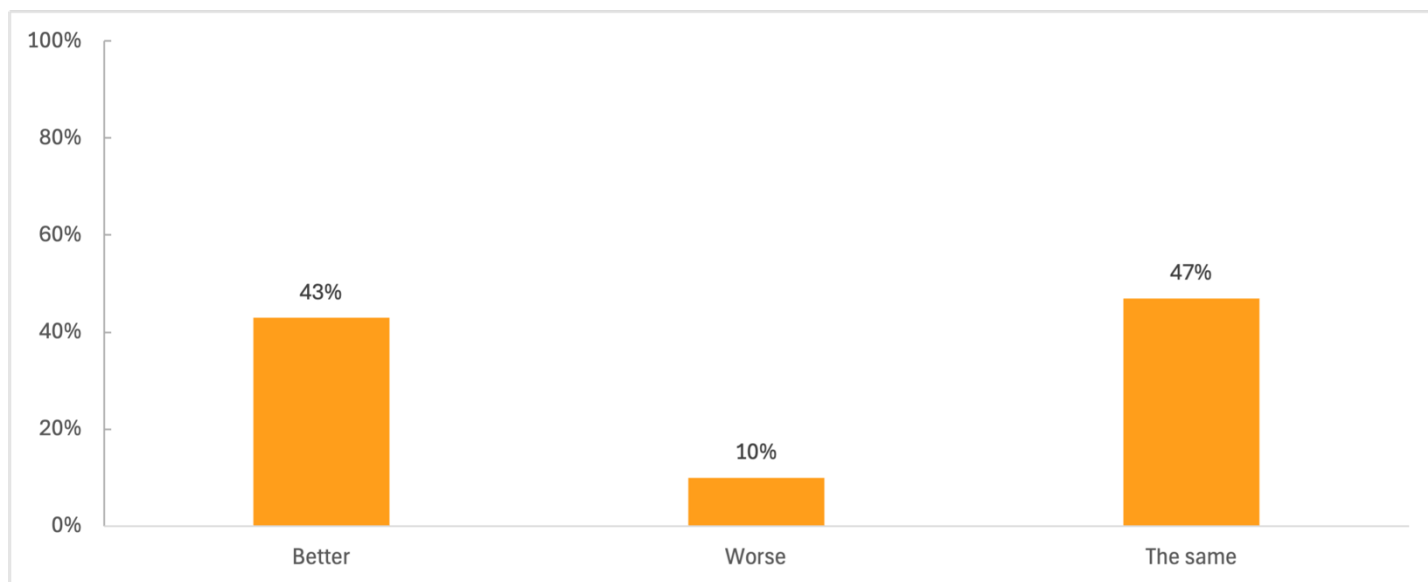
Machinery Suppliers

Better...

- Capacity starting to normalize.

The same...

- Issues from 2024 remain the same, combined with confusion over pending tariffs.

Question 4B. How do you expect 2025 to be compared to 2024, in terms of profit?

Total Count: 49

Key Influences:**Converters****Better...**

- Cost-cutting measure across the ecosystem.
- Expecting slight increase due to strategic changes to our product portfolio.
- Higher pricing will help us get there.
- Key business wins due to customer challenges in legislative markets.
- Limited capacity and more opportunity.
- Return of volume (covering overhead) and market prices will dramatically increase.
- We have planned for many of the pitfalls that caught us off-guard in 2024 so we should be in a better position. That said, we are tightening our belts in expectation of heavy competition.

Worse...

- Continued competition from imports.

The same...

- Pricing pressure, labor challenges, lingering economic uncertainty impacting consumer spending habits.
- Pricing pressures will remain high from operators as they seek to offer better prices to consumers. [X2]
- Tariff discussion.

Raw Material Suppliers

Better...

- Driven by volume.
- Hanging on to price – market should remain in balance.
- New more profitable product lines.

Worse...

- Economic downturn.

The same...

- Economy.
- Import pressures.
- Inflationary pressure.
- Tariffs may have unintended effects on profitability.

Machinery Suppliers

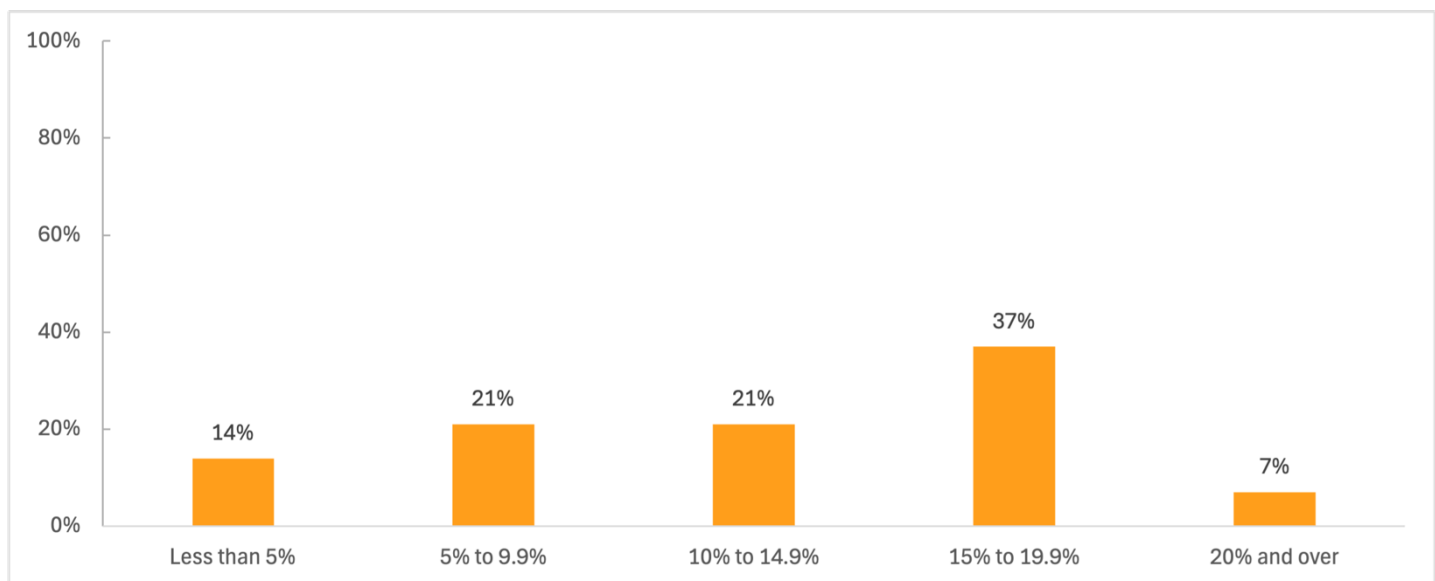
Better...

- More volume.

The same...

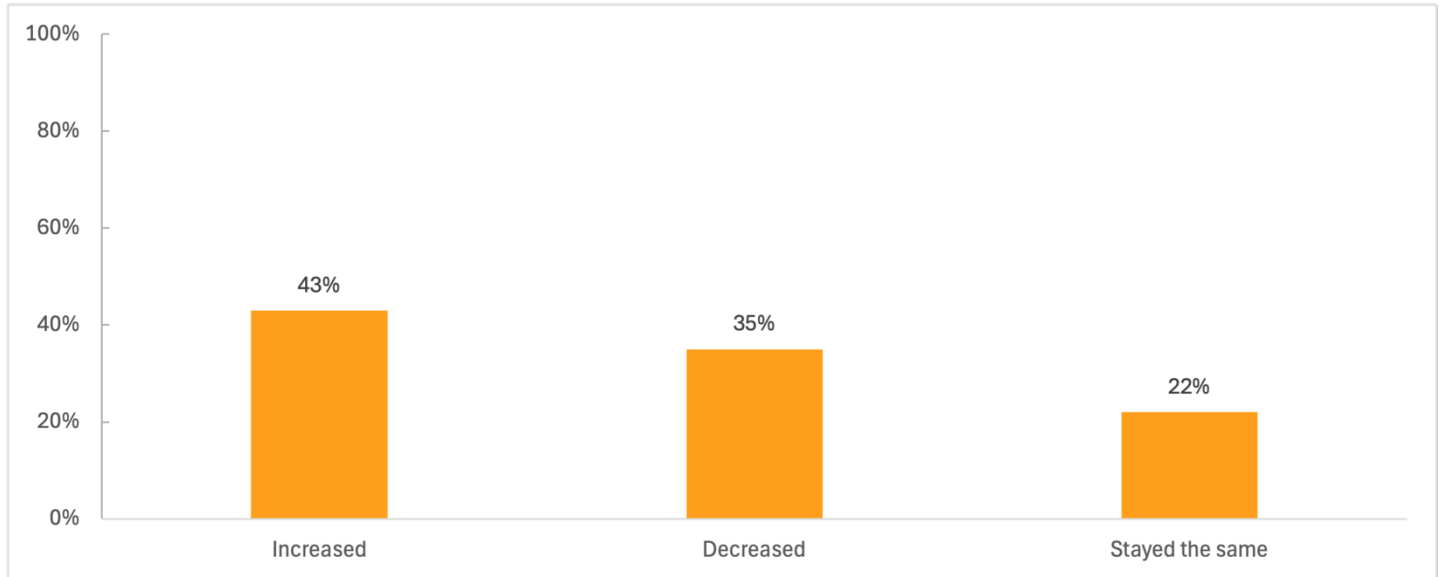
- Cost structures have been reset along with reduced pricing, so if volume is similar to last year then profit will be similar to last year.

Question 5. What was your firm's 2024 EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) as a percent of net sales?



Total Count: 29

Question 6A. In 2024, what happened to your production levels (pounds/kilograms, units, etc.) as compared to 2023? (Be sure to include any acquisitions made in 2024.)



Total Count: 49

Question 6B. By what percent?

Converters

Increased by...

- <5%
- 4%
- 5%
- 10%
- 15% [x2]

Decreased by...

- Minimal
- 7%
- 5%
- <5%
- < 10% [x2]

Raw Material Suppliers

Increased by...

- 5% [x2]
- 7%
- 10%
- 20%
- 50%

Decreased by...

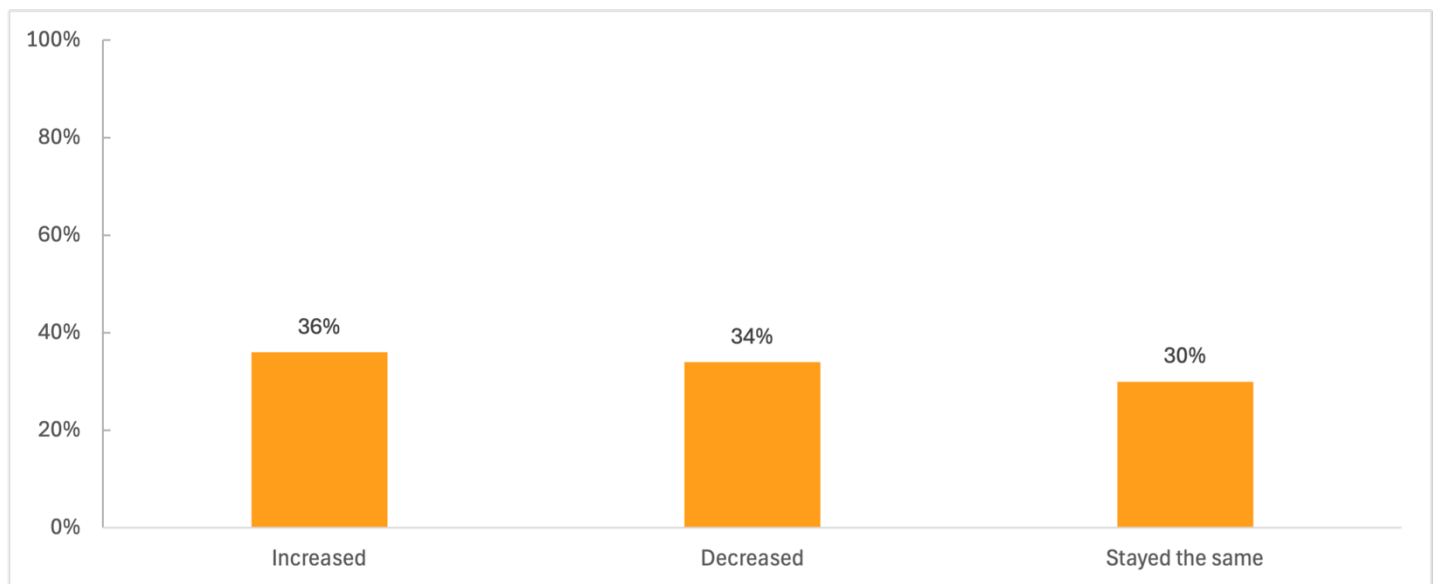
- 10%
- 20%
- About 25%

Machinery Suppliers

Decreased by...

- About 25%

Question 7A. In 2024, what happened to your dollar value of shipments, as compared to 2023? (Be sure to include any acquisitions made in 2024.)



Total Count: 44

Question 7B. By what percent?

Converters

Increased by...

- <5%
- 3%
- 4%
- 10%
- 14%

Decreased by...

- 4%
- <5%
- <10 % [x2]

Raw Material Suppliers

Increased by...

- 3%
- 5%
- 7%
- 20%
- 50%

Decreased by...

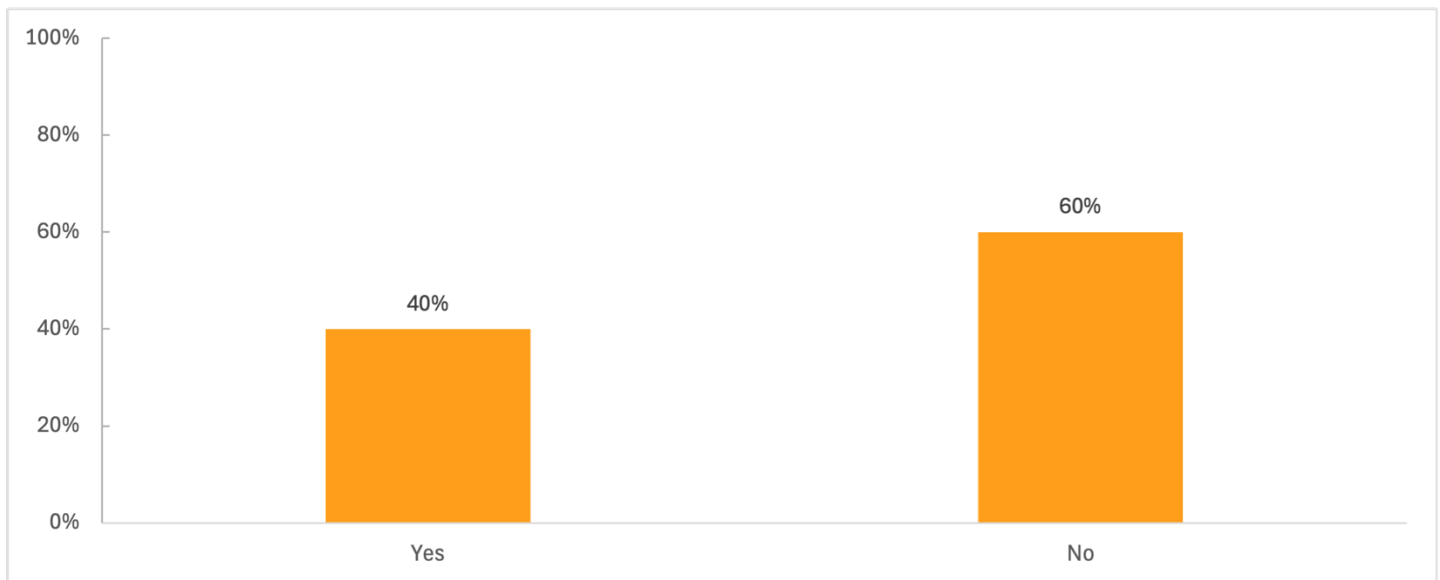
- 5%
- 20%

Machinery Suppliers

Decreased by...

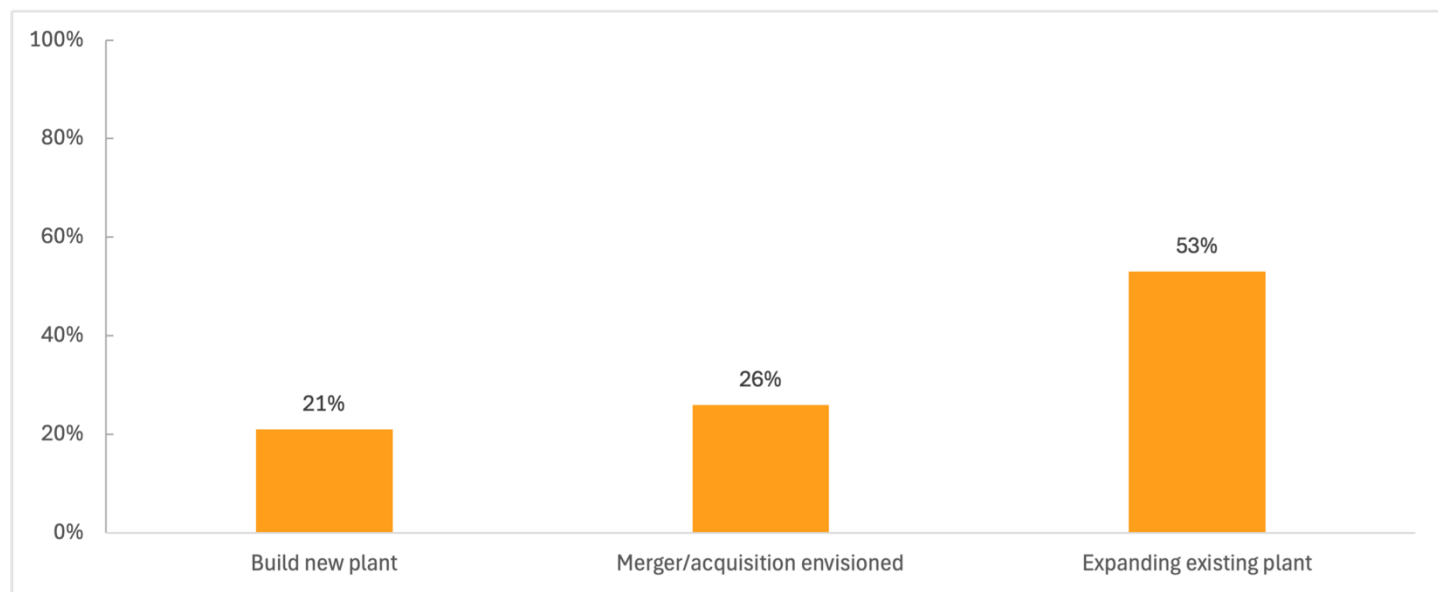
- About 30%
- 35%

Question 8A. Is your company planning to expand in 2025?



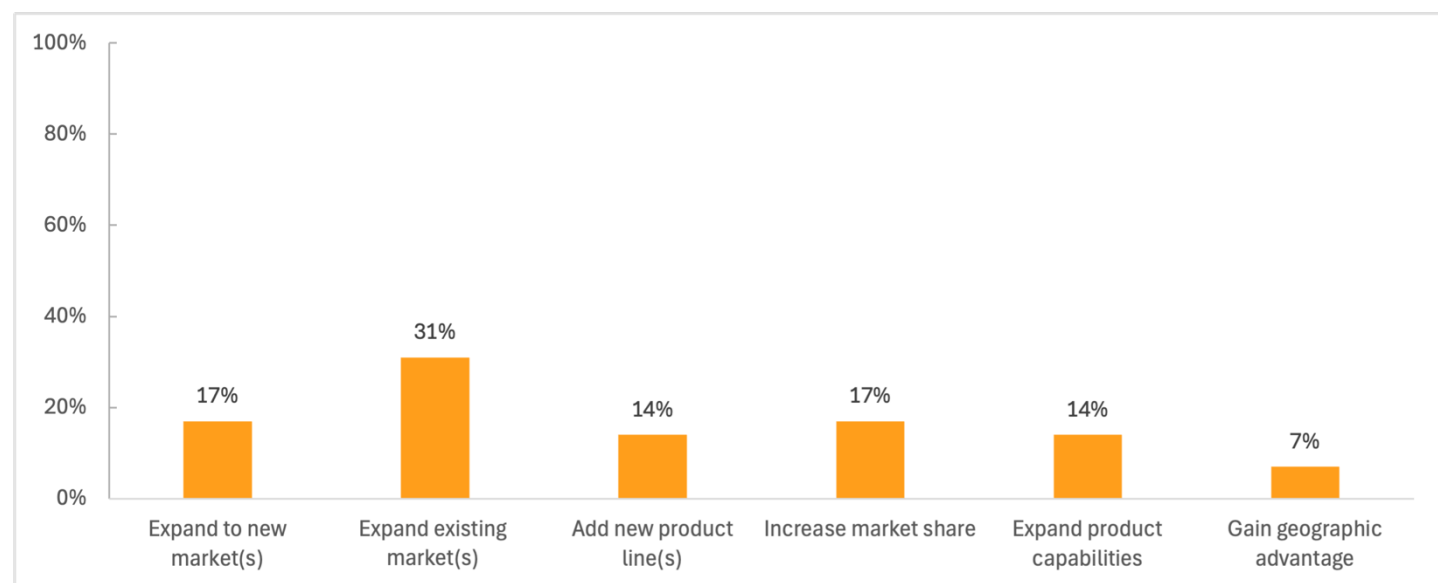
Total Count: 43

How/where does your company plan to expand (select all that apply)?



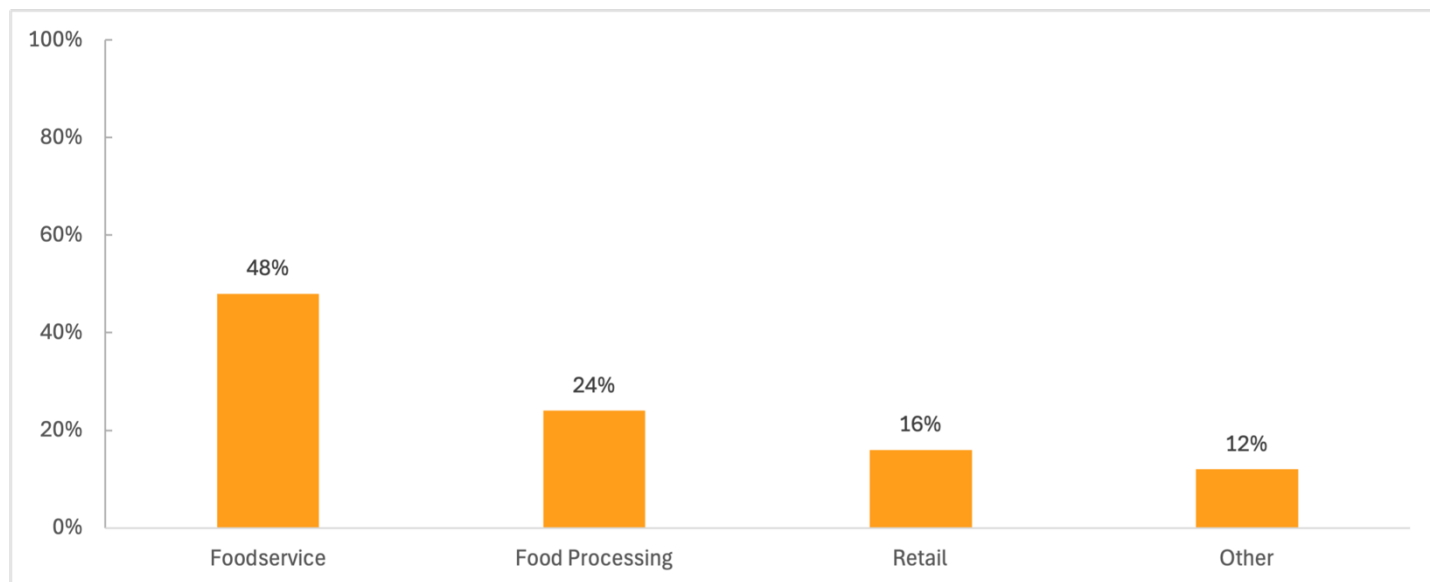
Total Count: 19

Question 8B. What is the main purpose of this expansion to your operations (select all that apply)?



Total Count: 42

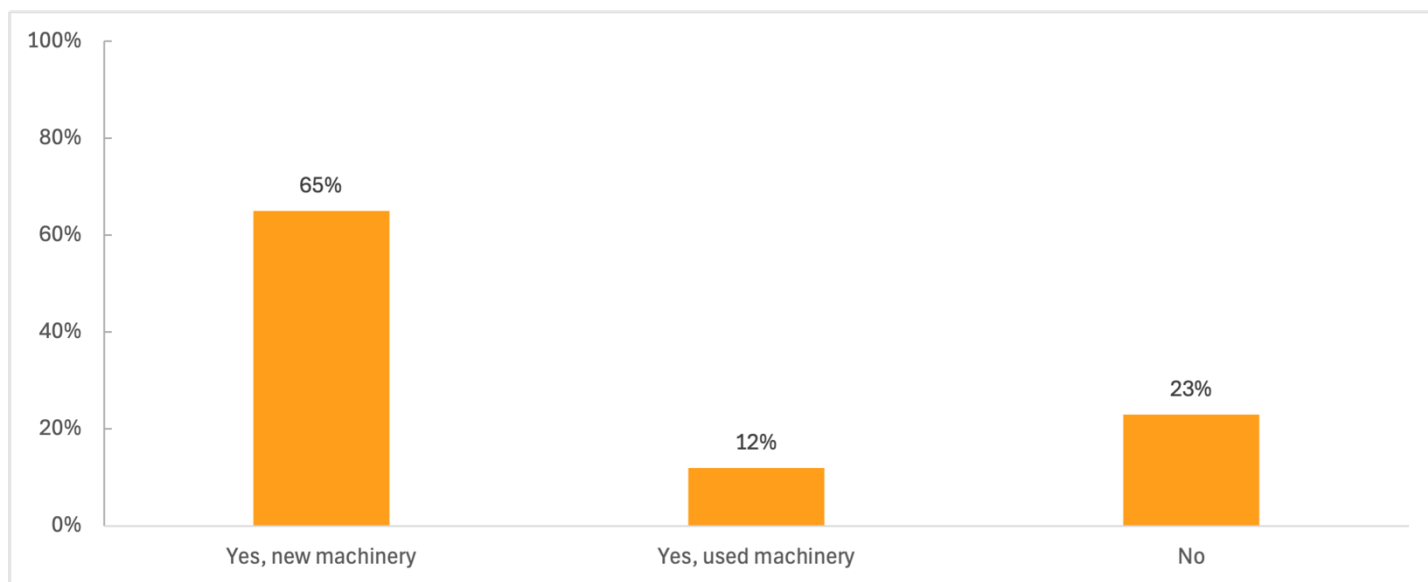
Question 8C. In what market segment do you plan to expand (select all that apply)?



Total Count: 25

Other:

- Food packaging.
- Packaging.
- Water based coatings for foodservice packaging.

Question 9A. Does your company plan to purchase converting machinery in 2025 (select all that apply)?**

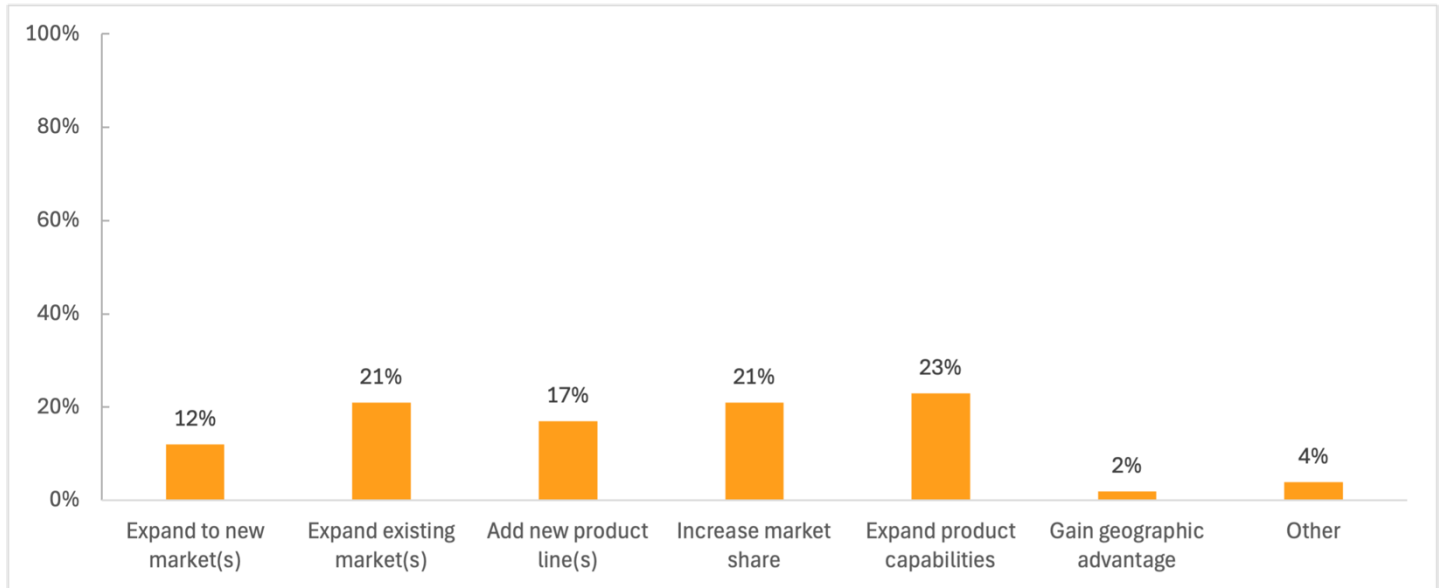
Total Count: 26

**Question asked solely of converters

Question 9B. If your company does plan to purchase, what type of machinery and/or for what application?

- Converting for quality improvement.
- Laminator.
- Many.
- New foam thermoformers.
- Paper bag and ink machines.
- Paper cup lids, PP lids.
- Thermoformed molded fiber.
- Thermoforming of foodservice take-out products and food processor customers.
- We are ordering multiple large format dies (for automation and capacity expansion). We are also expanding our capacity by 20% by ordering multiple, wide body presses.
- Windowing, coating, printing.

Question 9C. For what purpose does your company plan to purchase new converting machinery (select all that apply)?**



Total Count: 52

**Question asked solely of converters

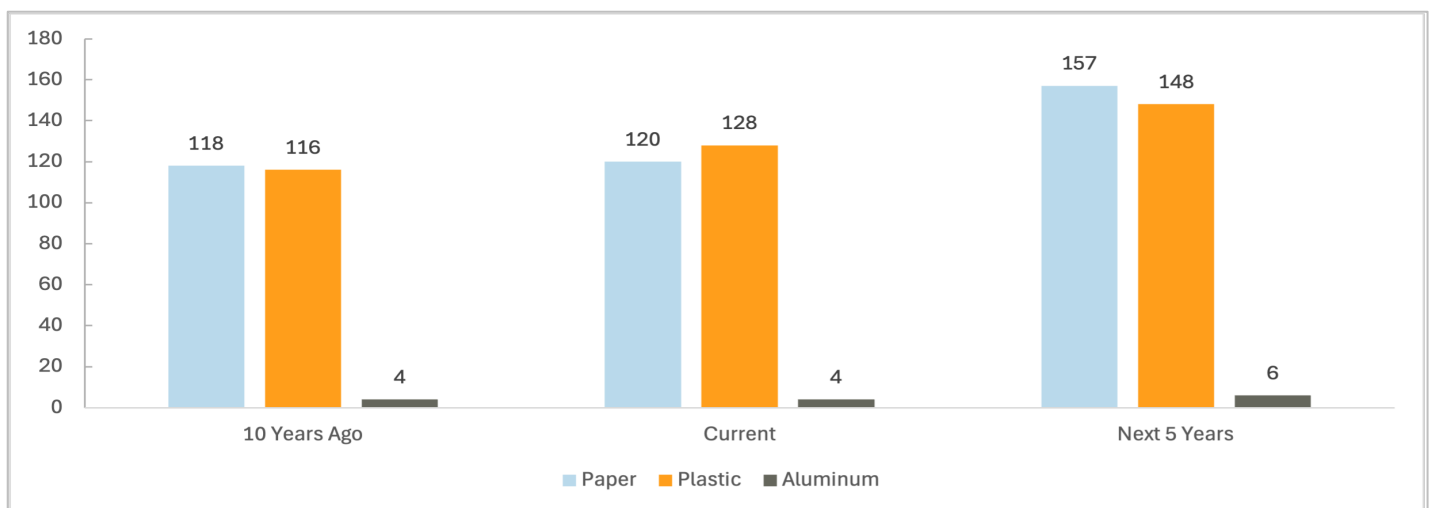
Other:

- Improve quality.
- Replace obsolescent equipment.

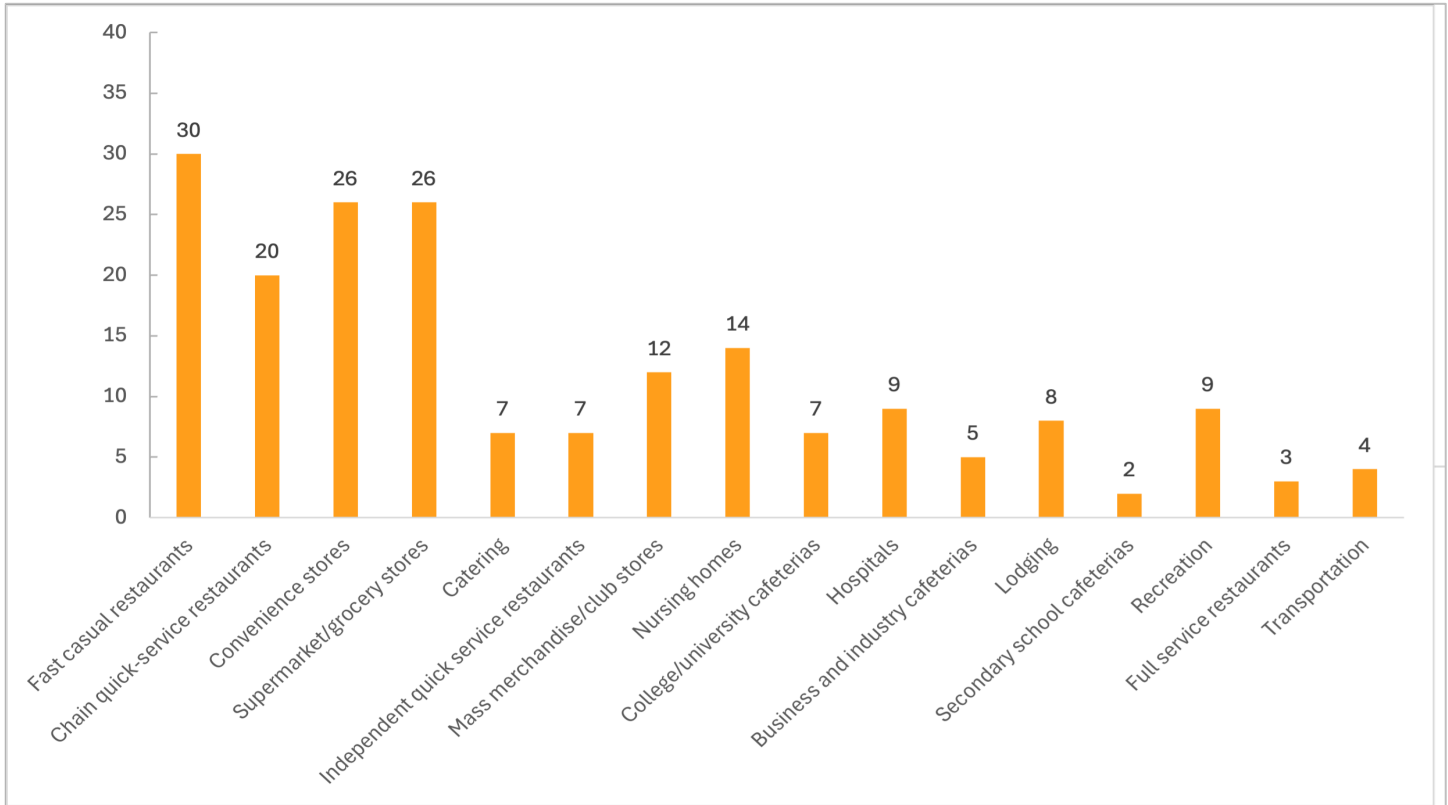
Question 10. Please check the appropriate box according to your company's production or use of the following substrates for the time frames listed:

		10 Years Ago	Currently	Next 5 Years
Paper		23	23	24
Coated Paperboard w. Traditional Coatings		24	25	24
Coated Paperboard w. Bio-based Coatings		9	19	28
Uncoated Paperboard		21	20	22
Pulp/Molded Fiber (from trees)		14	16	17
Pulp/Molded Fiber (from other sources)		10	5	16
Paper w. Recycled Content		17	22	26
PET		13	15	18
PE		9	10	10
HDPE		9	7	8
LDPE		11	11	11
LLDPE		7	6	8
PP		12	17	20
PS		17	15	14
EPS		8	7	7
OPS		11	11	9
HIPS		4	5	4
Bio-based plastic		7	12	22
Plastic w/ recycled content		8	12	17
Aluminum Foil		4	4	6
Other		0	0	0

Based on the information above:



Question 11A. Which of the following market segments do you believe will see strong growth in the next five years (select as many as you wish)?



Total Count: 189

Question 11B. Please indicate which ONE market you believe will see the greatest growth and explain why:**Convenience stores *[mentioned 8 times]***

- Already demonstrating their capability to take customers away from quick serve restaurants. [x2]
- Can capture both fast/on demand and value consumers without sacrificing perceived quality (ex. Wawa).
- Gaining in popularity and quality of food is improving.
- People want a one stop shop that is convenient and quick.
- Their foodservice offerings are getting closer to competing with QSRs.
- Volume is increasing as the C-store segment offerings improve their quality.

Quick-service restaurants *[mentioned 4 times]*

- Bounce back from inflation cost issues that caused muted/declined sales.
- Dine in is declining.
- People are looking for convenient options to take with them on the go. People lead busy lives.

Fast casual *[mentioned 4 times]*

- Expanded units and expanding segment.
- People will be tightening budget and eating out less but want restaurant quality take out to save costs and eat it at home.
- Simpler concepts, easier to execute, and smaller footprints make them more agile segments.

Supermarket/grocery store *[mentioned 3 times]*

- Continued focus on innovation of delivery and formats.
- It's become too expensive to eat outside the home.
- They have more private label brands and are more likely to adopt to changes quicker than large, global brands.

Chain quick-service restaurants *[mentioned 2 times]*

- Chain quick serve continue to lead volumes by growth.
- Political reasons, cost of groceries, etc.

Lodging and Recreation

- More people are tacking on extra personal "leisure" spending during business travel.

Mass merchandise/club stores

- They have more private label brands and are more likely to adopt to changes quicker than large, global brands.

Nursing home/elderly care

- Aging population.
- Baby boomers are aging.

Other comments

- Any low-cost way to eat. We see the consumer curtailing spending. Trading down from Whole Foods, Trader Joe's to Walmart and discount stores (Aldi). We expect a similar trade down for restaurants as the consumer is bracing for a return of inflation. The speed of change in the Trump administration is causing consumers to hold back spending as a "just in case." Increased demand for convenient and portable packaging solutions catering to the on-the-go lifestyle, such as compact and easy-to-handle designs. Growing interest in customized and branded

packaging options, especially in the premium and specialty food sectors, to enhance the overall customer experience.

- Food packaging then food service.
- I think the prepared ingredients market to quickly prepare at home will see significant growth. Less expensive and perceived as very quick and healthier than take out.
- Markets where plastic is being banned.

Question 12. Please review the list below and select what you believe are the FIVE most important challenges facing the food/foodservice packaging industry over the next couple of years. Please rank (1-5) the following in order of importance, with 1 being the most important:

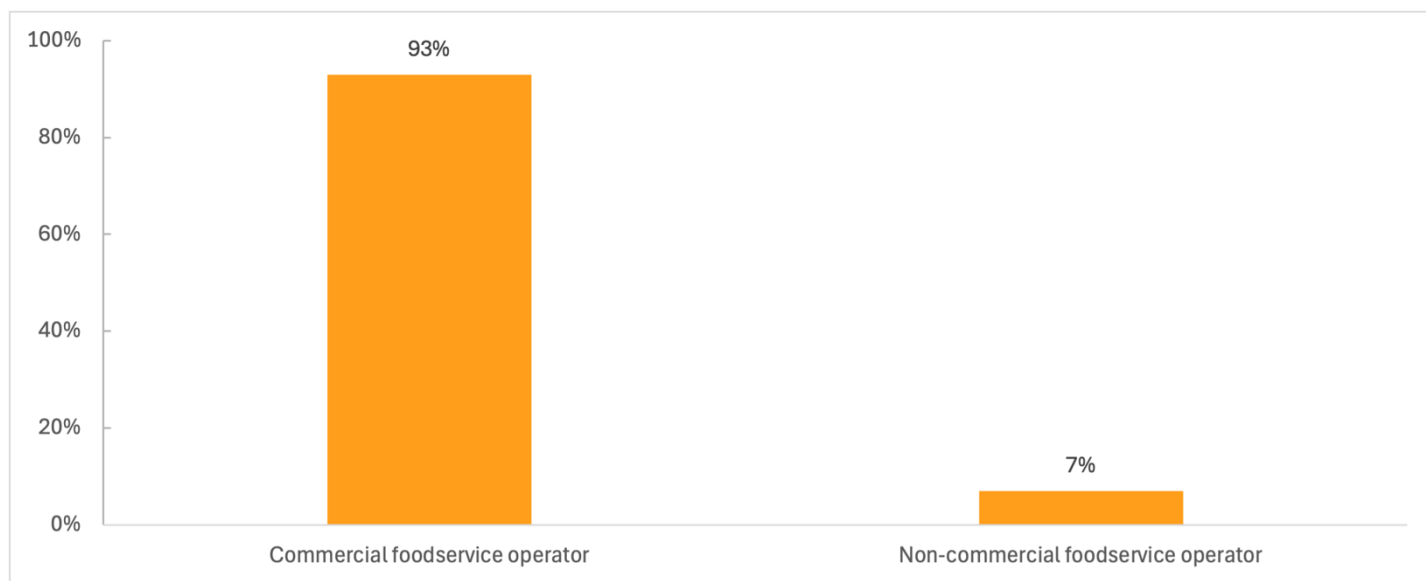
[Listed in descending order, in terms of cumulative number of mentions and weighting.]

Comparison of Top 5 Challenges Facing the Food/Foodservice Packaging Industry

	CONVERTERS	RAW MATERIAL SUPPLIERS	MACHINERY SUPPLIERS
1	Government legislation/regulation	Increasing raw materials costs Government legislation/regulation	Lack of qualified labor
2	Increasing raw materials costs	Call for changes to EPR/product stewardship programs	Globalization and the increased competition from outside national borders
3	Margin compression	Public perception of packaging or foodservice packaging as “waste”	State of the global economy
4	Lack of qualified labor	Recovery/End-of-life options for foodservice packaging	Margin compression Development of new products in response to customer demands Government legislation/regulation
5	Recovery/End-of-life options for foodservice packaging	State of the global economy	Call for changes to EPR/product stewardship programs

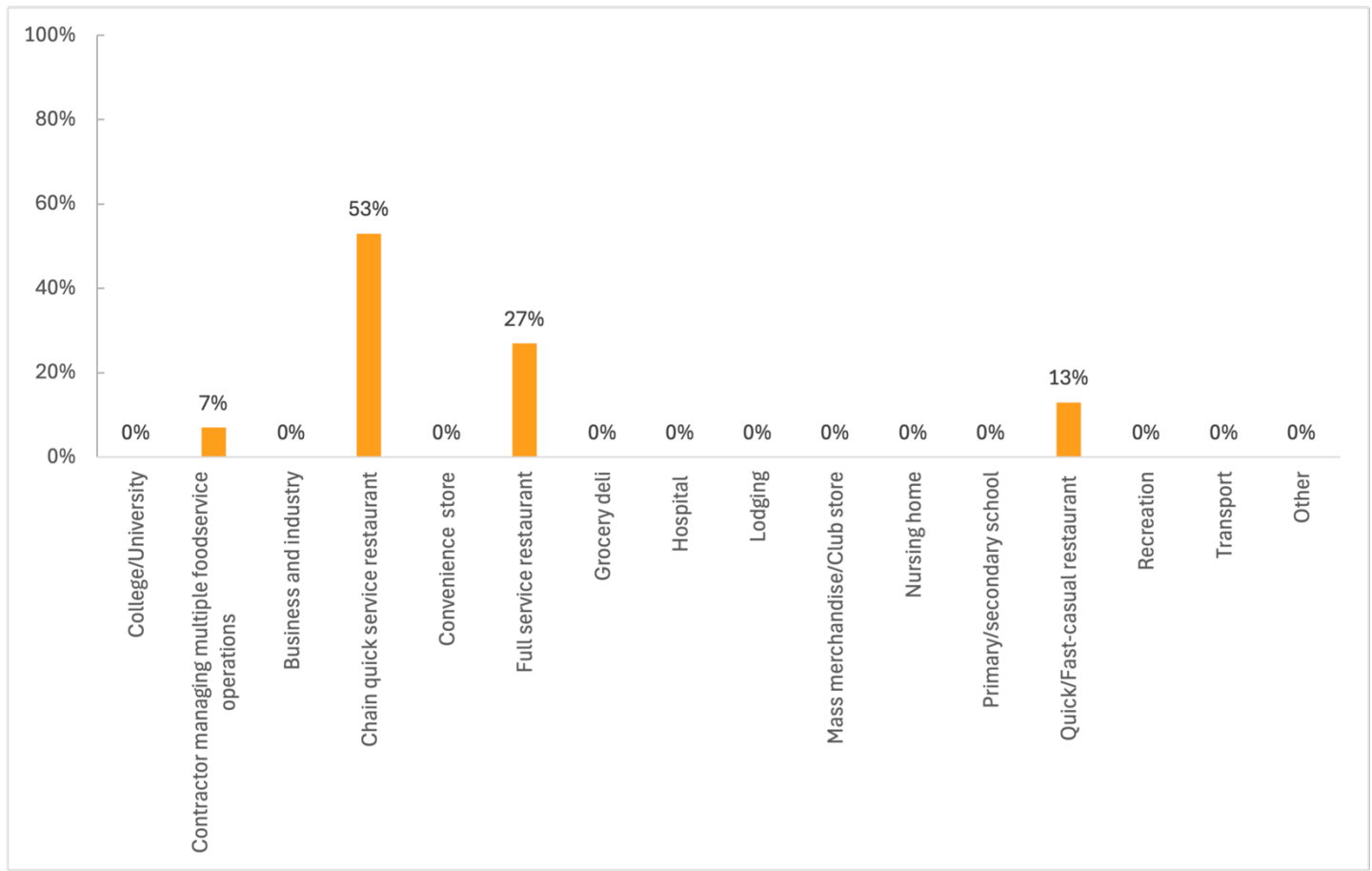
Foodservice Distributor and Foodservice Operator Results

Question 1 (Operator). Do you work for a (select only one):

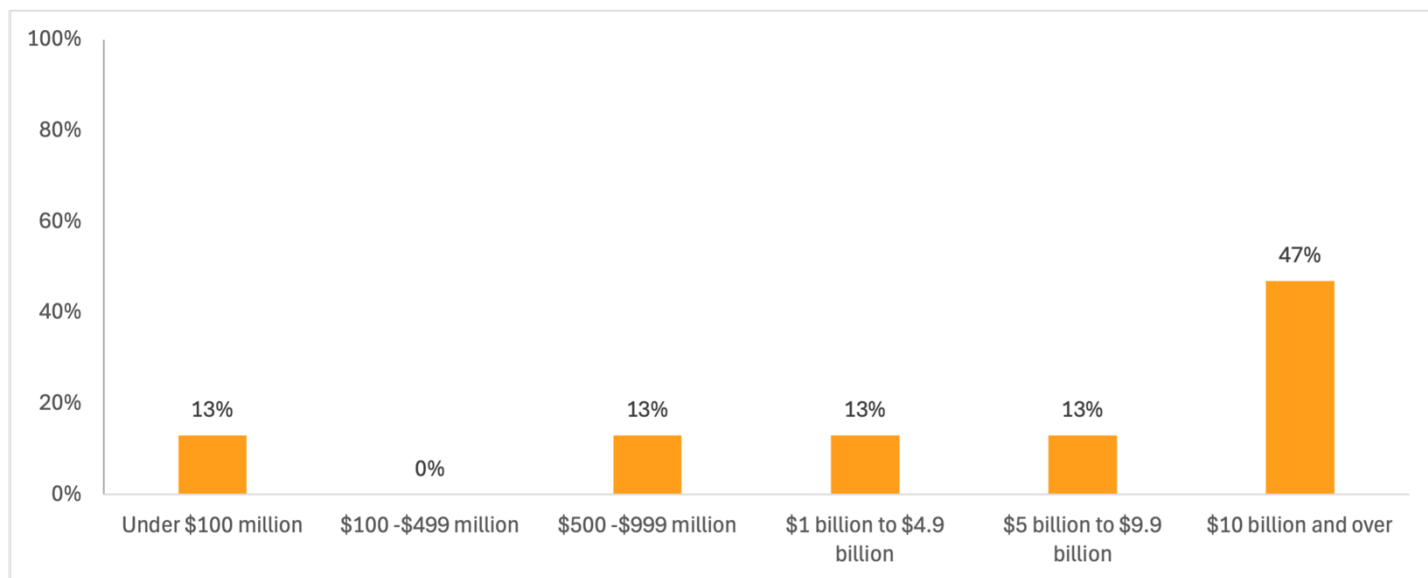


Total Count: 15

Question 1A (Operator). Which category best describes your foodservice operation (choose only one):

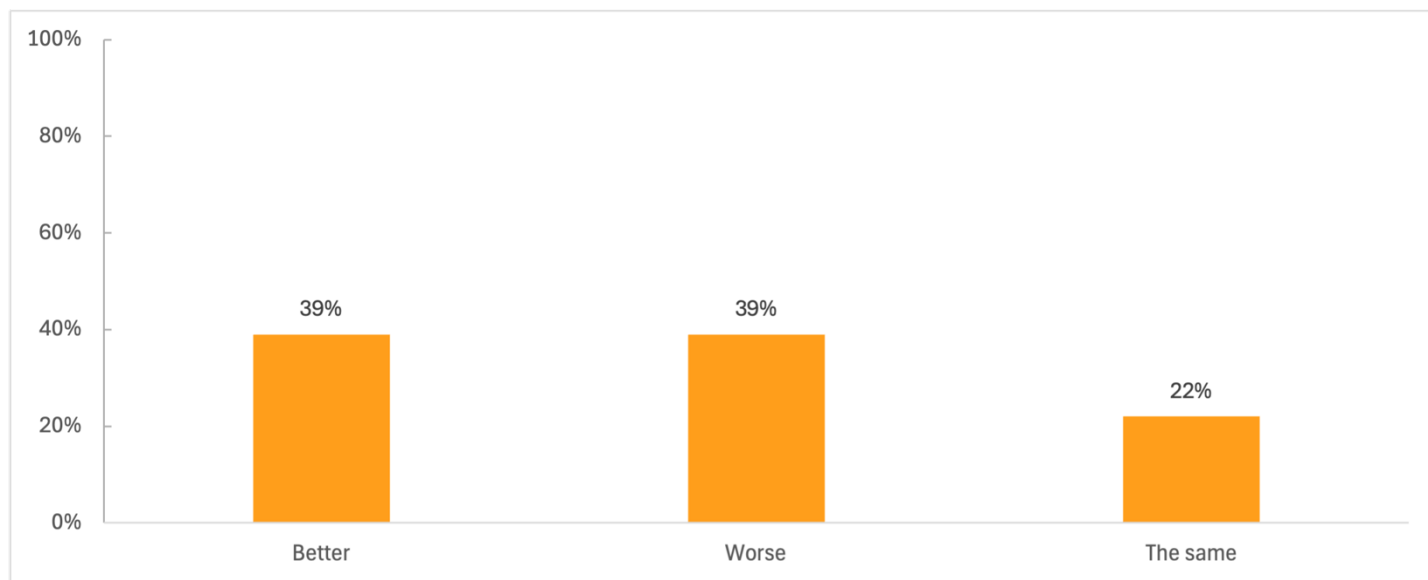


Question 2 (Distributor and Operator). What were your company's North American systemwide foodservice sales in 2024 (in U.S. dollars)?



Total Count: 15

Question 3 (Distributor and Operator). How would you rate 2024 compared to 2023, in terms of total foodservice sales?



Total Count: 18

Key Influences:

Better...

- Customers seeking greater value.
- Growth through development and acquisitions increased sales overall.
- Middle to middle-high income households maintained demand for full service.
- We opened a new warehouse in NJ which has taken off.

Worse...

- Inflation and consumer discretionary spending constraints.
- Inflation.
- Inflation. It seems people had less discretionary funds, and were concerned about how they spent their money.
- The economy.

The same...

- Our packaging division is small in comparison to some of our competitors.

Question 4 (Distributor and Operator). How do you expect 2025 to be compared to 2024, in terms of total foodservice sales?



Total Count: 19

Key Influences:

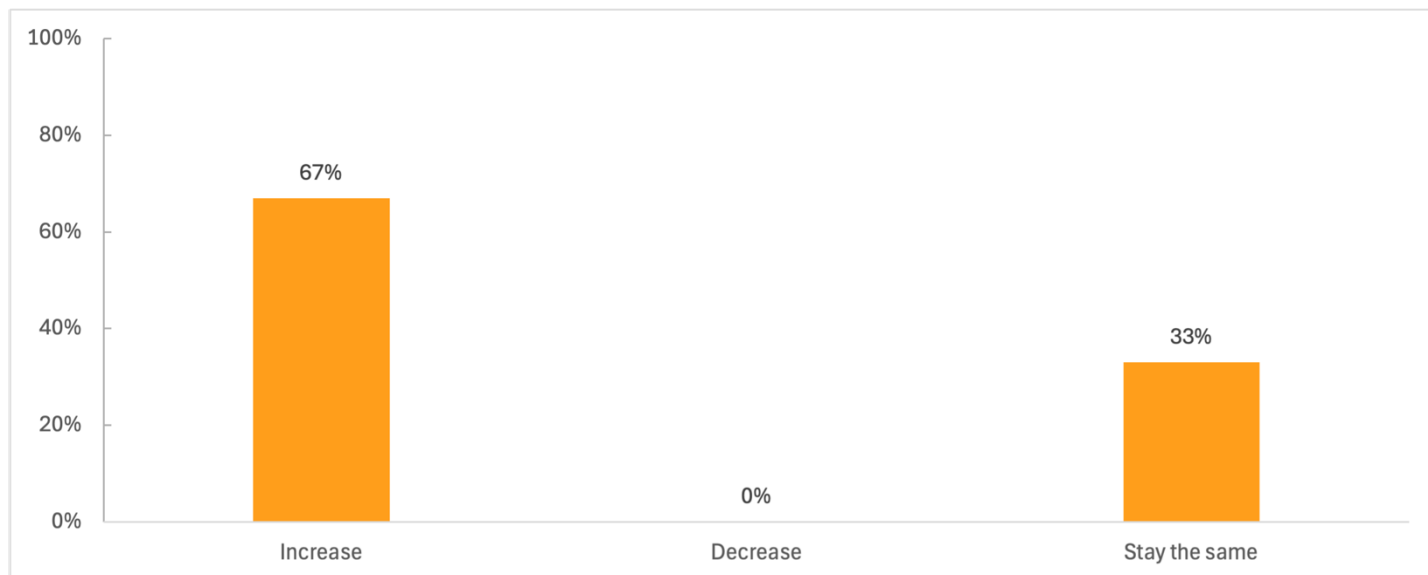
Better...

- Continued economic growth.
- Growth will offset any economic uncertainty.
- Hopefully better from changes in political parties.
- I feel people are optimistic about the economy under this new administration.
- Increased consumer optimism.

The same...

- Although there is concern about possible tariffs from various countries, I believe business will stay where it's at.
- The economy.
- We are hopeful for better with LTOs, etc. But QSR is becoming more and more competitive with value deals.

Question 5A (Distributor). Specifically looking at foodservice packaging products, do you expect that your sales will increase, decrease or stay the same in 2025, as compared to 2024?



Total Count: 3

Question 5B. By what percent?

- 100%

Question 5C. For what reasons?

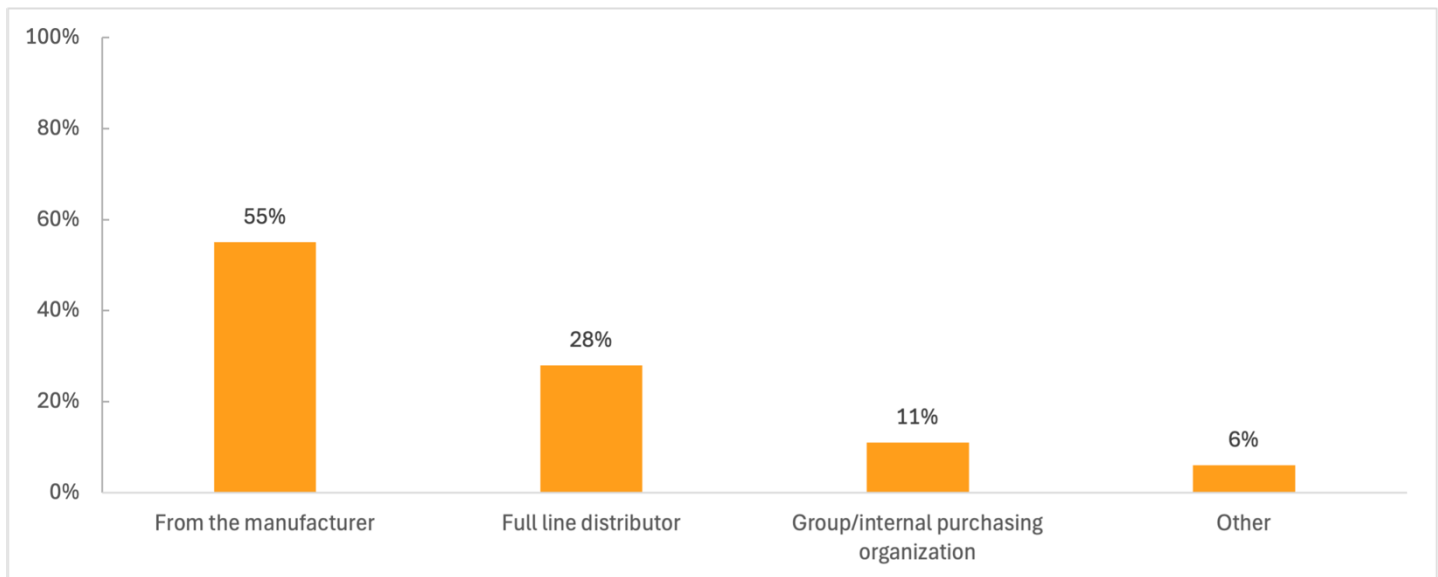
Increase...

- New customer acquisitions.

Question 6 (Distributor). From how many manufacturers does your company purchase foodservice packaging?

- 6
- 50
- 200

Question 6 (Operator). From where do you purchase your foodservice packaging (select all that apply)?

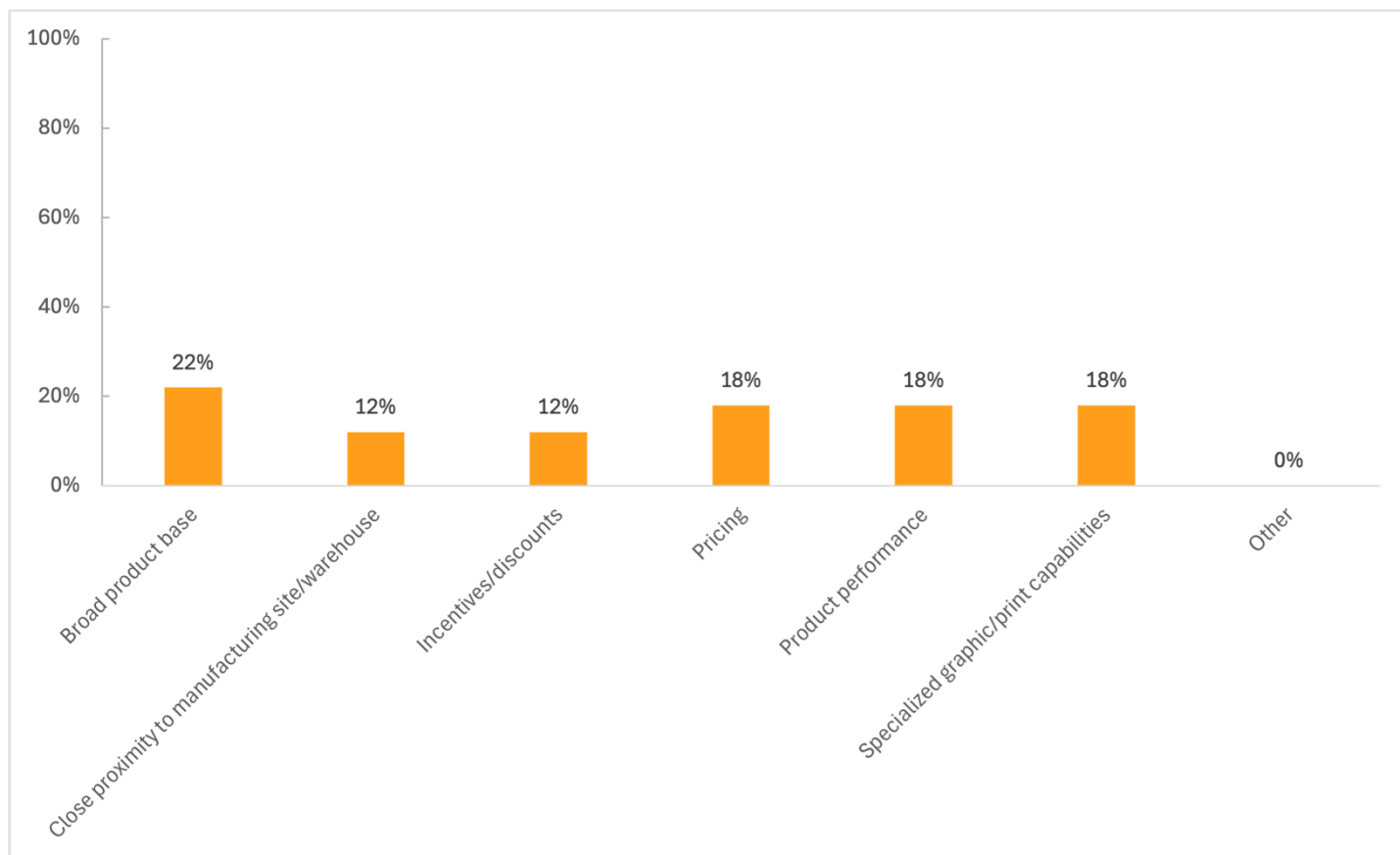


Total Count: 18

Other:

- Combination of manufacturer and distributor.

Question 7 (Distributor). What criteria do you use to select your foodservice packaging suppliers (select all that apply)?



Total Count: 17

Question 8 (Distributor). What changes would you like to see made to the foodservice packaging you currently sell?

- As stated in last year's survey, I would like to see more domestic manufacturing of sustainable food service packaging.
- Improved net cost and move toward more sustainable materials.

Question 8 (Operator). Please rank your top three most important characteristics for your foodservice packaging, in order of preference ("1" being the most important).

[Listed in descending order, in terms of cumulative number of mentions and weighting.]

	<u>1</u>	<u>2</u>	<u>3</u>
Cost	7	4	1
Performance	1	2	1
Recyclable	1	3	1
Product availability			
Made with renewable materials			1

Appearance/Presentation			2
Compostable	1	2	
Made with recycled content	1	2	2
Reusable by consumer		1	
Ease of use for staff			3
Ease of use for consumer			2
Insulation			
Microwavable/Ovenable			
Other	1		2

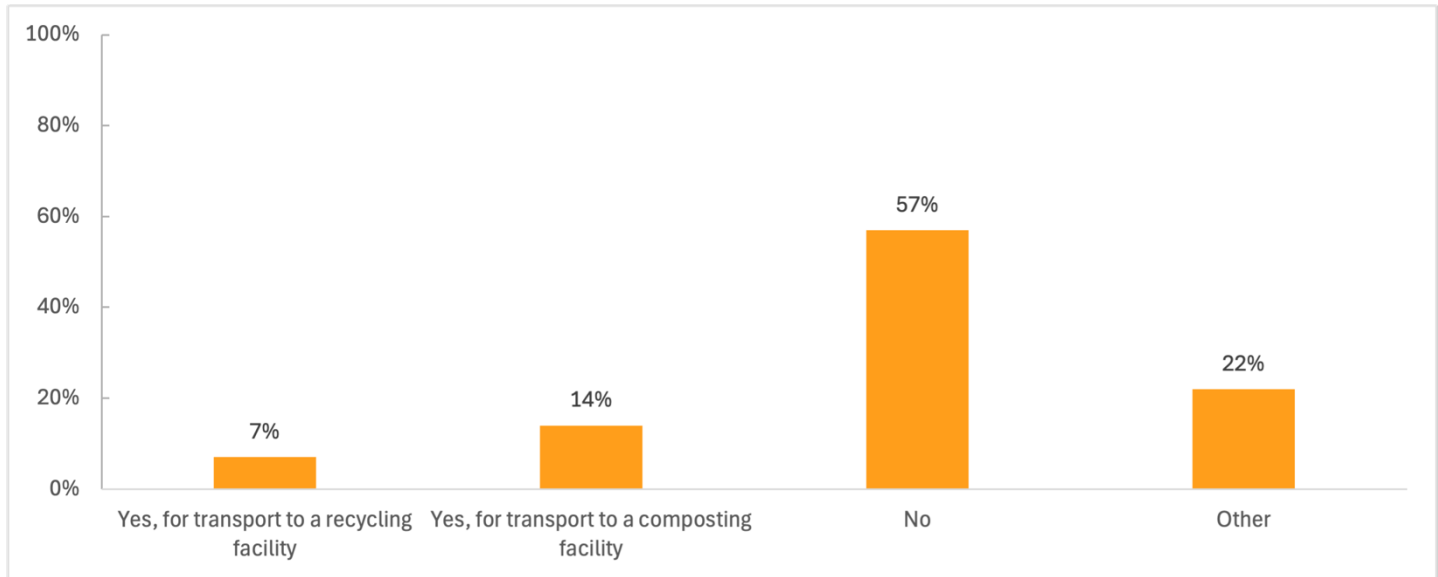
Other:

- EPR
- Availability of collection infrastructure that accepts compostable/recyclables

Question 9 (Operator). Please check the appropriate box according to your company's use of the following packaging materials for the time frames listed (i.e., 10 years ago, did you use paper? Do you currently use it? Do you foresee using it in the next 5 years?):

		10 Years Ago	Currently	Next 5 Years
Paper		10	12	13
Coated Paperboard traditional coatings		8	9	5
Coated Paperboard bio-based coatings		4	8	12
Uncoated Paperboard		4	5	6
Pulp/Molded Fiber		5	6	6
Non-tree cellulose (like bagasse)		3	4	8
Paper w. Recycled Content		4	10	10
Rigid Plastic		11	11	8
Foam		9	5	3
Bio-based Plastic		3	8	10
Plastic w. Recycled Content		4	8	11
Aluminum Foil		7	6	6

Question 10A (Operator). In the “front-of-house” area, do you provide bins for customers to separate their waste, i.e., source separate items for recycling or composting (select all that apply)?

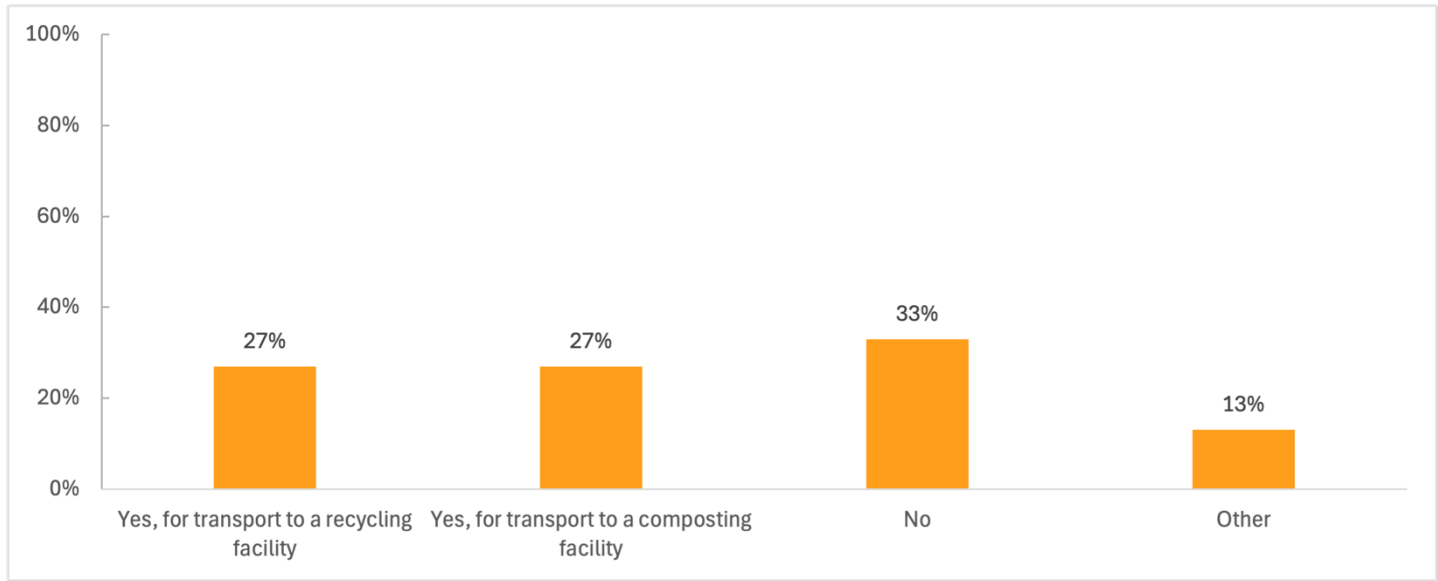


Total Count: 14

Other:

- 3 bin system at certain locations.
- In some of our locations.
- Some places. Based on local regulations.

Question 10B (Operator). In the “back-of-house” area, do you separate your waste, i.e., source separate items for recycling or composting (select all that apply)?

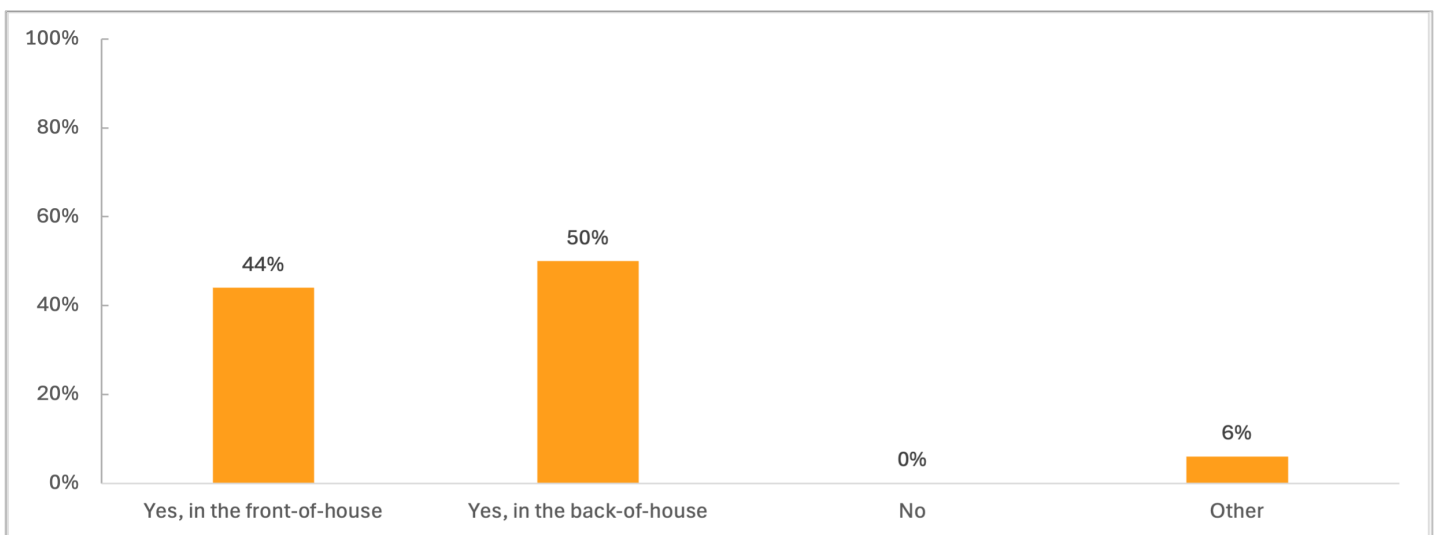


Total Count: 15

Other:

- In some of our locations.
- Yes, compostables at certain locations.

Question 10C. Do you expect to offer these options in the next five years (select all that apply)?



Total Count: 18

Other:

- Possibly where regulation demands.

Question 11 (Operator). What changes would you like to see made to the foodservice packaging you currently use?

- Better collection rates by composters.
- Better regulations and better recycling processes.
- Clearer details in impact to the environment.
- Continued focus on the hot and cold cup recycling access.
- Cost saving alternatives that deliver same performance and functionality. In corrugate, more consistency in production quality.
- Decreased cost of materials that meet regulatory requirements.
- Improved labeling on boxes to note sustainability attributes.
- Improved performance and cost in favor to use more sustainable materials – recyclable, compostable, recycled content.