

Trends Impacting Packaging in the United States

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Member PMMI Executive Committee
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PMMI

- 680 members
Processing and Packaging Equipment, Materials, Components

Mission is to improve and promote members' abilities to succeed in the global marketplace.

PMMI Trade Shows

- Expo Pack Mexico City June 17-20, 2014
- East Afripack Nairobi September 9-12, 2014
- Pack Expo Chicago November 2-5, 2014
- Pack Expo East February 16-18, 2015
- Expo Pack Guadalajara March 10-12, 2015
- Pack Expo Las Vegas September 28-30, 2015

Outline

- **Retailing**
- **Sustainability**
- **Auto ID**
- **Regulations**
- **Robotics**
- **PMMI – Retail Ready Packaging Report**
- **PMMI - Top-to-Top Summit Results**

Retailing

Branding

E-Commerce

Large Beverage Mfg.

- 142 SKU's in 2000
- 692 SKU's in 2012

Large Beverage Mfg.

- 130 SKU's make profit
- 100 SKU's break even
- **462 SKU's lose money!**

E-commerce

The Retail Landscape is Changing
Online sales increased 29% last year


Retail space

- 2006 – 325,000 sq. ft. new retail space
- 2013 – 44,000 sq. ft. new retail space
 - In 54 largest US markets




- Wal Mart

- 5th straight quarterly decline in US sales
- Testing online grocery
- Bought four companies with online technology platforms

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- Abercrombie – closing 30% of US stores. Goal: online sales = 25% total sales
 - Macy’s – converting 500 out of 840 stores to “ship-from” stores

- Home Depot:
 - 2005 built 200 stores/yr.
 - 2014 building one store, two distribution centers

- Radio Shack:
 - Closing 1,000 stores out of 4,150
 - One reason: Amazon.com

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- P&G –
 - Amazon.com placed a “store” in P&G warehouse to sell Pampers and Bounty
 - Sam’s Club testing on-line food sales
 - 35% of Costco items can be found on Amazon.com



- Amazon doing own delivery

Growing 20%+ per year

Sustainability



● Materials

- decrease in label thickness to .7 mil
- liner thickness to 1 mil
- recycle
- reduce or eliminate corrugate

Auto ID

Bar Codes

POS Considerations:

Hypothetical POS Deployment Roadmap

Change impact to systems and business processes

Challenges implementing use of Dynamic Data on products produced in a high speed manufacturing process

Data item usage will vary by industry segment (e.g., Serial No. not intended for use by food)

Implementation timing will vary at the national, multi-national, regional level



Plan/Design

Build

Pilot

Deploy

Limit to data in artwork years 1-8, niche exceptions, e.g. healthcare, fresh foods

		Plan/Design	Build	Pilot	Deploy
Static (in the artwork)	Package Variant				
	URL Link				
Dynamic (inline printing)	Expiry Date				
	Lot Number				
	Serial Number				

Next 5 years

Next 5-10 years

Ten years +

Regulations

Food Safety Modernization Act

FSMA

- Signed January 4, 2011
 - Reason:
 - Global food supply
 - Media influence
 - Consumer expectations

FSMA

- If food manufactured, processed, packed, received, or held by a facility has a reasonable probability of causing serious adverse health consequences or death to humans or animals.

FSMA

- FDA has failed to meet many of the statutory deadlines.
- New timeline:
 - Rules completed by mid 2014
 - Final regulations food and feed by Fall, 2015
 - Final regulations food transport by Spring, 2016
 - Up to 3 years to comply – based on size of company

Robotics

- Amazon bought Kiva in 2012.
- End of 2013 had 1,400 robots in place.
- Announced plans for 10,000 robots in operation by end of 2014
- Anticipate a 20% to 40% reduction in cost to fulfill an order.

PMMI Trends in Robotics

- Vision sensor to differentiate size, shape, and color
- End-of-Arm tooling
- Integrated controls
- Sanitary designs to allow direct contact with food

PMMI Trends in Robotics

- Faster operating speeds
- Safety improvements to permit working with humans
- Decreasing costs

PMMI Trends in Robotics

- Key issues:
 - Shortage of robotic engineers
 - Smaller footprint preferred
 - Better integration of vision systems

Growth of robotics

	2013	2018
Primary packaging	8%	20%
Secondary packaging	10%	20%
Palletizing	21%	31%
Medical device	3%	27%

PMMI Reports

Retail Ready Packaging

Top to Top 2014

Retail Ready Packaging

- Retailers want smaller package sizes over family packs
- May require different package designs per customer
- CPG's given take it or leave it message

Retail Ready Packaging

- Category adoption:

- | | | |
|------------|-----------|---------------|
| • Food | 77% in NA | 75% Australia |
| • Beverage | 14% in NA | 18% Australia |
| • Non-food | 8% in NA | 6% Australia |

Retail Ready Packaging

- Growth:
 - Plus 1.9% CAGR NA
 - Negative 1.1% Australia

Top-to-Top Report

- Annual meeting of CPG and PMMI leadership
- Ninth year
- Over 70 attendees

Top-to-Top Report

- Remote diagnostics
- Workforce
- Training
- SKU explosion

Top-to-Top Report

- Standardization of non-proprietary processes
- Alliance for Operational Excellence

Questions?



- **Thanks:**

Tom Egan, VP-Industrial Services, PMMI

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PMMI**

**Gary Forger, Managing Director-Professional
Development, Material Handling Industry
Association**

Ben Miyares, Packaging Management Institute

Thank You

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