



Retail Packaging Association Membership Survey Results 1st Quarter 2020

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Highlights

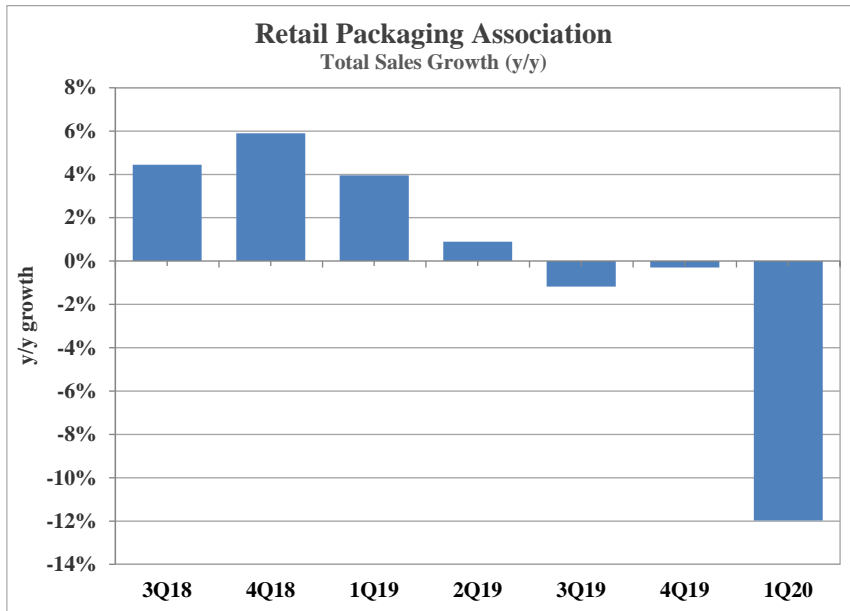


Highlights:

- 12 members completed the survey comprised of 8 distributors and 4 manufacturers.
- Sales turned sharply negative amidst Covid-19 related retail closures. Average sales declined 12% year-over-year in 1Q20, compared with a decline of 0.3% in 4Q19.
- Each of the seven end markets we track softened meaningfully in 1Q. e-Commerce was the only market to remain ranked in positive territory while the three retail segments (specialty, niche, and mass market) comprised the weakest end markets in the quarter.
- 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 full year outlook for 2020 was revised down sharply. Participants are now expecting sales to decline 16% following on average down from the previous outlook calling for 4.1% growth. The reduced outlook reflects the partial impact of Covid-19 on 1Q sales and uncertainty regarding the duration of the impact. While 2Q is likely to see even weaker topline trends, we may also begin to gain clarity into the pace of recovery as some retail segments begin to reopen in certain geographies.

1Q Sales Growth

Sales in 1Q20 turned sharply negative amidst Covid-19 related retail closures. Average sales declined 12% year-over-year in the quarter, compared with a decline of 0.3% in 4Q19. Not surprisingly, a net 75% of participants categorized results as worse-than-expected (8% better-than-expected; 8% inline; 83% worse-than-expected). Manufacturers reported average sales down 6.2% while distributors saw an average sales decline of 17%.



	Sales Growth (year-over-year % chg)						
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Distributors	5.5%	9.2%	-0.2%	0.0%	-4.3%	-0.8%	-17.0%
Manufacturers	3.1%	3.4%	5.2%	1.5%	0.9%	0.1%	-6.2%
Total	4.4%	5.9%	4.0%	0.9%	-1.2%	-0.3%	-12.0%

	Sales vs Expectations						
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Better-than-expected	26%	27%	24%	19%	15%	5%	8%
Inline with expectations	44%	32%	65%	55%	45%	68%	8%
Worse-than-expected	30%	41%	12%	26%	40%	26%	83%
Net (% better - % worse)	-4%	-14%	12%	-7%	-25%	-21%	-75%

	Participants Reporting Sales Growth						
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Positive	67%	68%	59%	45%	35%	53%	8%
Flat	4%	14%	24%	15%	15%	11%	17%
Negative	30%	18%	18%	40%	50%	37%	75%
Net (% pos - % neg)	37%	50%	41%	5%	-15%	16%	-67%

Price Contribution

Price contribution was neutral in the quarter down from a positive 0.5% in 4Q.

A net 42% of participants reported higher product prices year-over-year down from 47% in 4Q.

	Product Prices (year-over-year)						
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Higher	81%	64%	88%	82%	75%	53%	42%
Same	15%	36%	12%	16%	20%	42%	58%
Lower	4%	0%	0%	3%	5%	5%	0%
Net (% Higher minus % Lowe	78%	64%	88%	79%	70%	47%	42%
Avg Price Contribution to Gro	1.8%	1.8%	1.7%	1.3%	0.9%	0.5%	0.0%