

rpa®

Retail Packaging Association

Retail Packaging Association Membership Survey Results 2nd Quarter 2020

CALVELLO
RESEARCH & CONSULTING

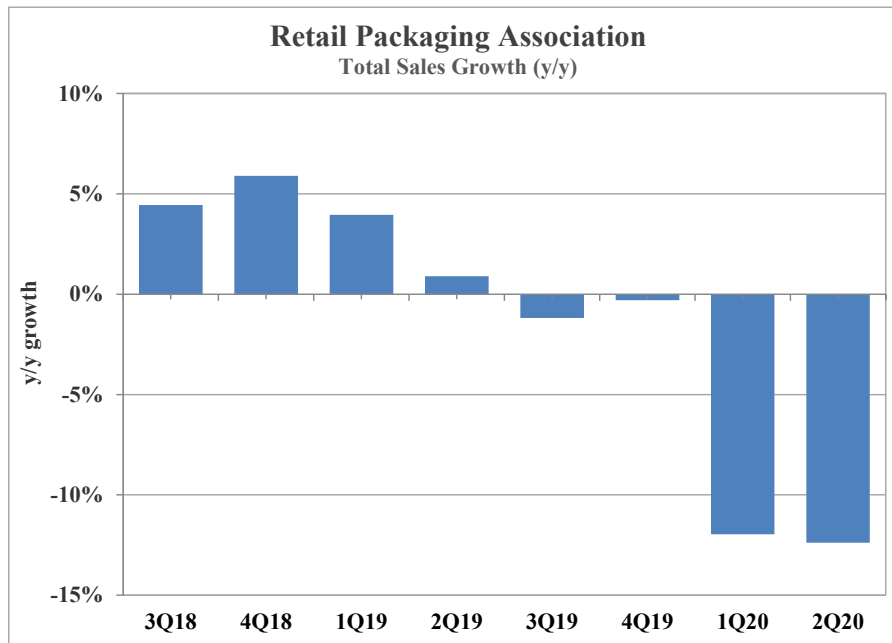
Highlights

Highlights:

- 13 members completed the survey comprised of 8 distributors and 5 manufacturers.
- Sales remained overwhelmingly negative amidst Covid-19 related retail closures. Average sales declined 12.4% year-over-year in 2Q20, similar to the 12% decline in 1Q20.
- Both e-Commerce and grocery stores showed meaningful improvement from 1Q and were the only positive end markets in 2Q. Not surprisingly, the three retail segments (specialty, niche, and mass market), floral and food service / restaurants remain firmly in negative territory due to Covid-19 related restrictions.
- Price contribution turned slightly negative for the first time in the quarter at down 0.1% following a flattish reading in 1Q.
- The outlook for 2020 was again revised lower to down 20% following an average outlook calling for a 16% decline in 1Q. The reduced outlook reflects the continued impact of Covid-19 and uncertainty regarding the duration of the impact.

2Q Sales Growth

Sales in 1Q20 turned sharply negative amidst Covid-19 related retail closures. Average sales declined 12.4% year-over-year in the quarter, compared with a decline of 12.0% in 1Q20. A net 42% of participants categorized results as worse-than-expected (25% better-than-expected; 0% inline; 75% worse-than-expected) up from a net 75% in 1Q. The improvement reflects lowered expectations following the steep drop in demand in 1Q.



Sales Growth (year-over-year % chg)								
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Average Sales Gwth	4.4%	5.9%	4.0%	0.9%	-1.2%	-0.3%	-12.0%	-12.4%

Sales vs Expectations								
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Better-than-expected	26%	27%	24%	19%	15%	5%	8%	25%
Inline with expectations	44%	32%	65%	55%	45%	68%	8%	8%
Worse-than-expected	30%	41%	12%	26%	40%	26%	83%	67%
Net (% better - % worse)	-4%	-14%	12%	-7%	-25%	-21%	-75%	-42%

Participants Reporting Sales Growth								
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Positive	67%	68%	59%	45%	35%	53%	8%	25%
Flat	4%	14%	24%	15%	15%	11%	17%	0%
Negative	30%	18%	18%	40%	50%	37%	75%	75%
Net (% pos - % neg)	37%	50%	41%	5%	-15%	16%	-67%	-50%

Price Contribution

Price contribution turned slightly negative for the first time in the quarter at down 0.1% following a flattish reading in 1Q. Despite the year-over-year decline, a net 33% of participants reported higher product prices, down from 42% in 1Q.

	Product Prices (year-over-year)							
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Higher	81%	64%	88%	82%	75%	53%	42%	42%
Same	15%	36%	12%	16%	20%	42%	58%	50%
Lower	4%	0%	0%	3%	5%	5%	0%	8%
Net (% Higher minus % Lower)	78%	64%	88%	79%	70%	47%	42%	33%
Avg Price Contribution to Growth	1.8%	1.8%	1.7%	1.3%	0.9%	0.5%	0.0%	-0.1%