

Flexible Packaging. Unlocking Opportunities for Label Converters.

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25 - 27 September • Chicago
LABELEXPO
AMERICAS 2018
www.labelexpo-americas.com



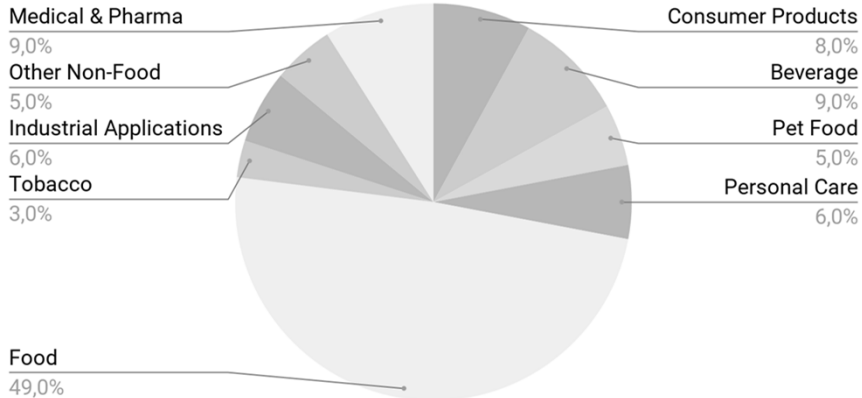
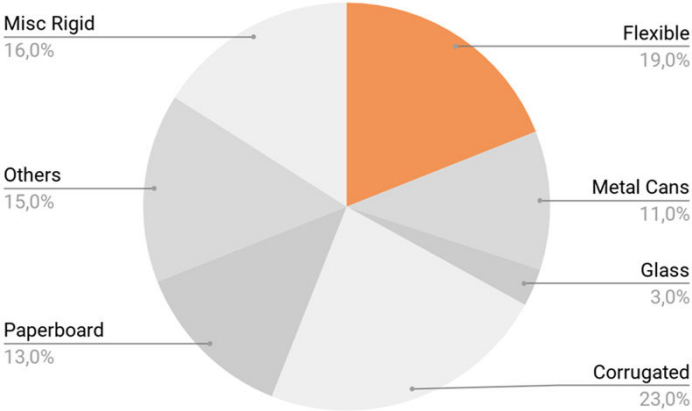
Packaging Media Trends



Source: 2016 FPA State of the Industry Report

1. Building brand loyalty via packaging
 - Enhance brand image and protect the product
 - Shelf differentiation
 - Fit consumer lifestyles—on-the-go an portion control.
2. Convenience
 - Ability to extend product life and reseal
 - Easy to store and open
 - Online shopping—equal to onshelf shopping.
3. Sustainability
 - Use of less energy and materials versus rigid
 - Reduced transportation
 - Drives Innovation—recyclable, compostable etc.

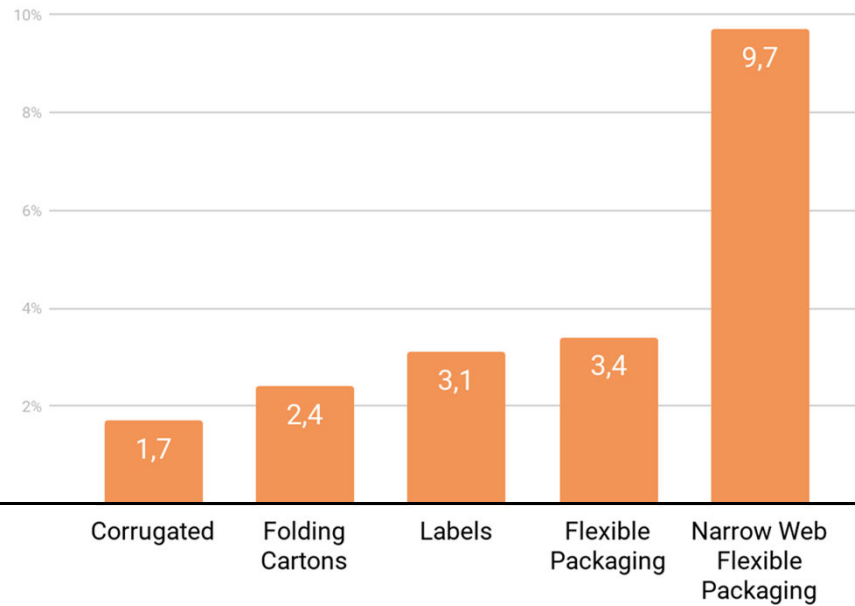
Flexible Packaging Growth is projected in almost every end-use segment of the industry



Source: FPA 2017 Standard Industry Report



US Printed Packaging Market
Avg. Annual Segment Growth in US to 2022



Flexible Packaging WW vs. NW

Study noted that 48% of the respondents are printing flexible packaging on 10-13" presses.

Label converters are running flexible packaging on standard label presses to get started.

Source: 2017 APR Narrow Web Packaging Study conducted by LPC



US Flexible Packaging Industry Review

Flexible packaging is the **fastest growing packaging segment**, based on *2017 FPA State of the Industry Report*

- > Fastest growing packaging segment in US and Globally
- > “Value-added” flexibles which are multiple processes combine to result in a finished product are 78%, or \$24 Billion, of the total
- > Flexible Packaging benefits and advantages include sustainability (lightweighting and source reduction), cost savings, reducing food waste and extended product shelf life
- > Flexo printing has grown 12% in the flexible packaging industry where other methods have stayed the same or decreased

Source: FPA 2017 Standard Industry Report



Narrow Web Flexible Packaging Industry

Year-over-year growth rates for converters' flexible packaging applications

9.7%

Year-over-year growth average for narrow web flexible packaging applications for all converters.

1-in-4 surveyed label converters growing more than 15% per year in this space.

Source: 2017 APR Narrow Web Packaging Study conducted by LPC

Narrow Web Value Proposition

Small-Medium Brand/ Co-Packer Needs:

Smaller Runs

Shorter Lead Times

Reduced Start Up Costs

Packaging Consultation

Narrow Web Strengths:

Meet demand for short runs/ low MOQ

Short lead-times versus wide web increases speed to market

Reduced set-up costs versus wide web (plates, ink, etc.)

Opportunity for forward/ backward integration with contract packaging



Narrow Web - Growth Segments

Segment	Contents
Food	<p>Soups, condiments, snacks, drink mixes, confections</p> <p>Unique Formats: Single use and easy to open</p>
Personal Care	<p>“Lotions & Potions” - Shampoo, conditioner, creams, gels, lotions</p> <p>“Hard-to-Hold” contents include: Essential oils, mouthwash, acne cleansers, skin cream</p> <p>Unique formats: Stickpack - liquids and powders</p>
Nutraceuticals	OTC, pills/tablet/capsules, bars, snacks
Industrial/ Automotive	<p>“Hard-to-Hard” contents include: Fuel additives, pool chemicals, car wipes</p>





What's Driving the Growth?

- > HPC (home + personal care) packaging is expected to grow roughly 2% CAGR through 2020*.
 - – Driven by single person living—requires simple and dispensable items
 - – Packaged to size and easy to use.

- > The U.S. food industry is forecast to grow at a steady rate of 2.9% CAGR through 2022*.
 - Driven by snack food consumption—1-3 times a day
 - On-the-go packaging and portion control
 - New product introduction.

Source: Euromonitor, 2016 Food Packaging Trend
The Association for Packaging and Processing Technologies, Nielsen



New Growth Opportunities for Narrow Web



Hard-to-hold Flexible Packaging

- > Industrial, Automotive and Personal Care
- > Used across a wide variety of consumer products, increasingly replacing metal cans, glass and rigid plastic bottles, and cartons



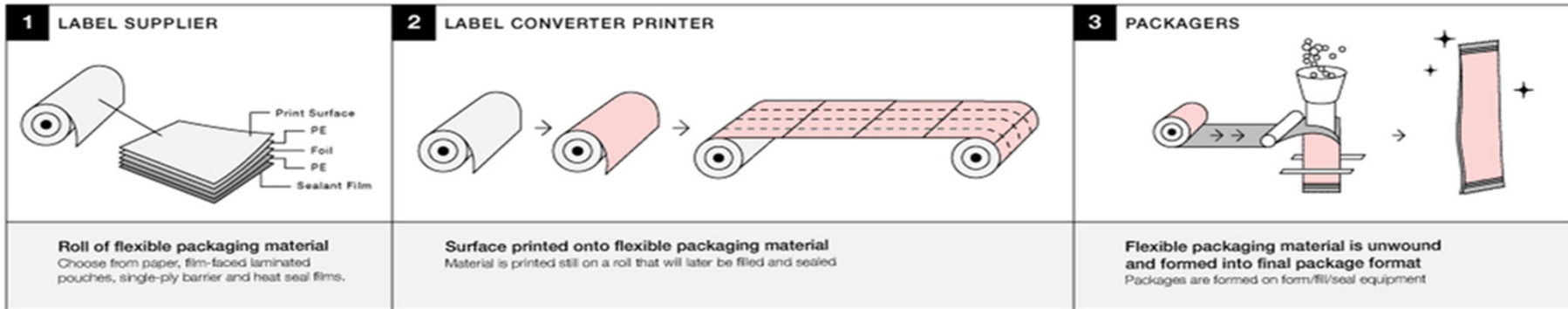
Stickpak - Not just for powders anymore!

- > Used for gels, shampoos, concentrated liquids, etc.
- > Projected growth 5.6% annually 2013 to 2018
- > Material width – average 10”- 20” wide

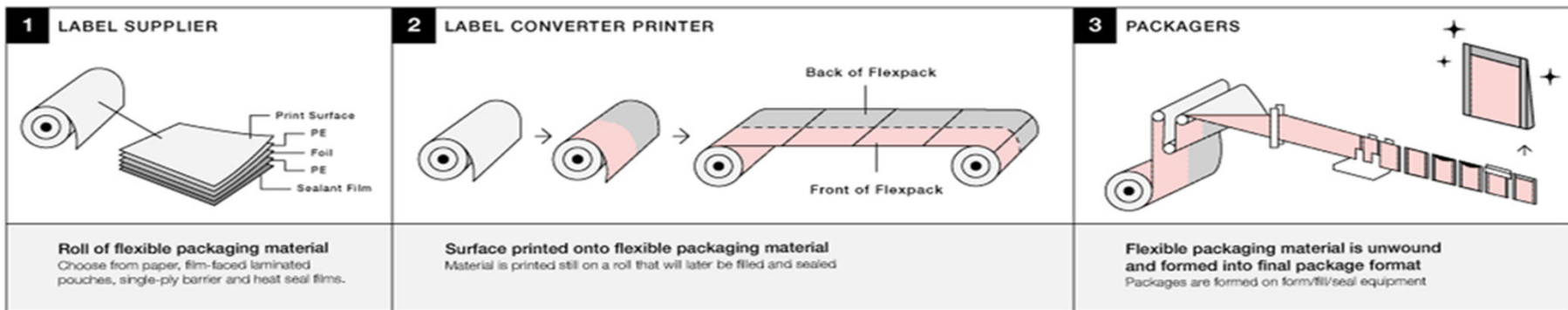
Source: 2015 Labels and Labeling: Stick Pack Market Shows Big Potential



Narrow Web - FlexPack Value Chain



Vertical Form-Fill-Seal



Horizontal Form-Fill-Seal

How To Get Started

→ CAPABILITIES AND PREWORK

In house:

Press capable of handling thin unsupported films with tension management controls, corona treater, UV and water-base ink capabilities and ability to laminate either using self-wound PET (specific for flexpak requirements) or press applied adhesive. Razor slitters offer best edges on laminations. Finally, Rewind inspection equipment for precise finished widths. Follow and document GMP (good manufacturing processing).

Ink Suppliers:

Talk to them about inks and varnishes for flexpak and applications. Flexpak inks are slightly higher cost but withstand temperature and pressure of the FFS process. FDA requirements to be reviewed on each opportunity - they do vary

Laminating Adhesives:

Henkel and Ashland both offer UV and water base options

PARTNER WITH SUPPLIERS TO GAIN KNOWLEDGE AND TIPS





Key Takeaways

Focus on existing customers (labelers can be co-packers)

- Introduce your new offerings/ capabilities
- Sell your value proposition.

Focus on service needs—short runs/ quick delivery/ many offerings

- Sample products and new packaging
- Test Markets for new product launches
- Digital flexible packaging—high quality—short run.

Develop relationships with co-packers—new customers

- Similar needs as end user (faster delivery,
- shorter runs)
- Provide and assist in material selection/ specification
- Variety of product options for many applications.

**Pioneering
Change.**

Thank you

Learn more about our flexible packaging portfolio and meet with our team of technical experts

Booth #119

