



PREVIEW AND  
TABLE OF  
CONTENTS

# 2021

## STATE OF THE INDUSTRY

# REPORT

An in-depth report on the contract packaging and contract manufacturing industry serving the US Food and CPG sectors (CP/CM). This updated edition is based on over 100 interviews with industry CEOs, COOs and other key CP/CM leaders, and combined with extensive primary and secondary industry research. It also includes results of interviews with food company executives served by CP/CMs as well as equipment companies and suppliers to the CP/CM industry.

ORDER YOUR  
STATE OF THE INDUSTRY  
REPORT AT  
[CONTRACTPACKAGING.ORG](http://CONTRACTPACKAGING.ORG)  
OUR CPA STORE

## CPA COPYRIGHT

No part of this document may be used or reprinted in other studies, surveys, or proprietary research and analysis, nor for any advertising or promotional materials, minus the written consent of The Association of Contract Packagers and Manufacturers. No part of this publication may be reproduced in any form nor by any means — electronic or mechanical, including photocopying — without permission in writing from The Association of Contract Packagers and Manufacturers. Statements of fact or opinion are made on the responsibility of the author and do not imply an opinion or endorsement on the part of the CPA, its officers, or its membership. This document is edited in Associated Press style, with the exception of numeric and percentage style conventions done for visual expedience.

© 2021 The Association of Contract Packagers and Manufacturers

### THE ASSOCIATION OF CONTRACT PACKAGERS AND MANUFACTURERS

12930 Worldgate Drive, Suite 200, Herndon, VA 20170 USA | Tel: 571-287-6818

Email: [info@contractpackaging.org](mailto:info@contractpackaging.org)

[www.contractpackaging.org](http://www.contractpackaging.org)



# PRESIDENT'S LETTER

## THE STATE OF OUR INDUSTRY IS – RESILIENT

**W**elcome to our *State of the Industry Report (SOIR)* for 2021, the latest in a series of reports that began in 2004 and have become an industry touchstone, providing unique information for operators, customers, vendors and investors.

*Our industry has enjoyed strong year-over-year growth since our 2017 report. Then in 2020, the world changed. How did the pandemic impact our members, our industry, our customers, and the entire market?*

*As of this writing, our industry has come back strongly. The immediate and longer-term impact of COVID has been profound. The CP/CM industry is no exception. New challenges and a rapidly evolving consumer landscape have CP/CM customers grappling with unprecedented change. Most CP/CMs serve essential industries and are experiencing record revenues. We've expanded the scope of the 2020 report, and have included a deep dive into the COVID Era, its short-term impact as well as its longer-term implications.*

*Now in its 16th year, the State of the Industry Report has become a trusted resource for industry insights and future growth trends. Based on insights from industry executives, analysts, vendors, investors, and advisers, it provides unique insights unavailable from other information sources. The SOIR provides first-person points of view from industry insiders, coupled with objective primary and secondary data.*

*Designed for investors, customers, vendors, analysts, consultants, and industry executives, the SOIR is a powerful and invaluable resource. It is based on input, data, and views from industry executives, owners, and leaders, as well as substantial primary and secondary research. It is based on input, data, and views from industry executives, owners, and leaders, as well as substantial primary and secondary research.*

*Thank you for purchasing our State of the Industry Report. Regardless of your role, we believe this tool will prove valuable in your business.*

Sincerely,

**Rob Reinders**

President, Contract Packaging Association

# PREVIEW AND TABLE OF CONTENTS

CONDITIONS OF USE .....	5
CPA Copyright .....	6
License Agreement .....	6
PRESIDENT’S LETTER.....	7
1. INTRODUCTION.....	8
2021 SOIR vs. 2018 SOIR .....	9
CPA Objectives .....	9
Report Authors - Core Report.....	10
Special Report: Mergers & Acquisitions .....	11
PMMI Business Intelligence .....	11
CP/CM Industry .....	11
Naming Conventions .....	13
Scope and Methodology .....	14
North American Focus .....	14
Sample Base Diversity.....	14
Intended Audiences.....	15
2. CP/CM INDUSTRY DEFINITIONS .....	16
Sector Overlap .....	17
Industry Definitions .....	17
Primary Contract Packaging.....	18
Contract Manufacturing .....	18
Secondary Packaging.....	19
Private Label .....	19
CoPacker (Co-Packer) .....	20
Stealth Brands.....	20
Commercial Kitchens .....	20

# PREVIEW AND TABLE OF CONTENTS

<b>3. CP/CM INDUSTRY SIZING</b> .....	<b>21</b>
A Growing Sector with Varying Definitions.....	22
Five Year CAGR for All Sectors (2019-2025).....	23
Covid Impact .....	25
<b>CONTRACT PACKAGING</b>	
Contract Packaging – Food and CPG .....	26
Contract Packaging (table) .....	26
Contract Packaging Food and CPG 2025 (pie chart) .....	26
Contract Packaging Food and CPG (bar chart) .....	26
Contract Packaging: Food .....	27
Contract Packaging: CPG .....	27
Contract Packaging: Food (bar chart) .....	26
Contract Packaging CPG (bar chart) .....	26
<b>CONTRACT MANUFACTURING</b>	
Contract Manufacturing – Food and CPG .....	28
Contract Manufacturing (table) .....	28
Contract Manufacturing Food and CPG 2025 (pie chart) .....	28
Contract Manufacturing Food and CPG (bar chart) .....	28
Contract Manufacturing: Food .....	29
Contract Manufacturing Food (bar chart) .....	29
Contract Manufacturing CPG (bar chart).....	29
Contract Manufacturing CPG (bar chart) .....	30
Secondary Packaging (bar chart).....	30
Center Store Pressures and Emergent Categories .....	31
Center Store Outsourcing .....	32
Better-For-You (BFY) and Fresh-Made .....	32
CP/CM vs. Food & CPG 2020 (bar chart).....	33

# PREVIEW AND TABLE OF CONTENTS

<b>4. REVENUES, MARGINS, AND GROWTH.....</b>	<b>34</b>
Year over Year Growth Ranges.....	35
Year-Over-Year Growth (box chart).....	35
Growth Remains Consistent and Strong .....	35
Hidden Turbulence in Industry Averages .....	35
Gross Profit Margin Ranges .....	36
Gross Profit Margins 2019 (bar chart).....	36
<b>5. CP/CM INDUSTRY DEMOGRAPHICS .....</b>	<b>37</b>
Industry Demographics.....	38
CP/CM Demographics.....	38
Packaging and Manufacturing.....	38
Private Label Producers.....	38
3PL / Logistics .....	39
Demographic Summary .....	39
2019 Revenue by Company Size Range .....	39
2019 Revenue by Company Size Range (bar chart) .....	39
Years in Business (bar chart) .....	40
CP/CM Average Years in Business.....	40
Maturing Organization at a Generational Crossroad .....	40
Business Age is Driving Consolidation.....	41
Number of CP/CM Competitors Increasing .....	41
Non-Traditional CP/CM Competitors.....	41
Privately Held CP/CM Leader’s Age and Impact .....	42
An Approaching Generational Shift .....	42
Privately Held CP/CM Leaders Age and Impact (bar chart) .....	42
Legacy and Leadership Decisions .....	43
Financial Structure (bar chart).....	43
CP/CM Financial Structure.....	43
Private Firms Dominate .....	43

# PREVIEW AND TABLE OF CONTENTS

Continued Private Equity Influence.....	44
Platforms Acquiring Platforms.....	45
More Public Companies.....	45
Shortage of Minority Providers.....	45
Minority Business Enterprises (bar chart) .....	46
Existing Partnerships .....	46
Future Opportunities.....	46
<b>6. THE COVID ECONOMY - CP/CM IMPACTS .....</b>	<b>47</b>
Short-Term and Long-Term COVID Impacts.....	48
Short-Term and Long-Term COVID Impacts (pie chart) .....	48
Short-Term Industry Impacts.....	49
Volume Spikes.....	49
Legacy Brand Growth.....	49
SKU Reductions (Immediate).....	49
Available Capacity.....	50
Foodservice Slump.....	50
CAPEX Spending .....	50
COVID Impact on Hourly Labor (bar chart) .....	51
Labor / Wages.....	51
COVID Hero / Bonus Pay .....	51
Line configurations and Crewing.....	52
Long-Term Industry Impacts .....	52
SKU Rationalizations.....	52
Repatriation Rates .....	52
JIT – Just in Time Methodologies.....	53
Automation and Robotics .....	53
CAPEX Spending (Long-Term) .....	53
Ongoing Labor Shortages.....	54
Emergent Brands returning .....	54

# PREVIEW AND TABLE OF CONTENTS

<b>7. INDUSTRY-SHAPING TRENDS / HEADWINDS .....</b>	<b>55</b>
Industry Headwinds .....	56
Expanding Value Chain Expectations .....	56
CP/CMs Continue to Innovate in Many Areas.....	57
SKU Rationalizations .....	58
SKU Repatriation Rates.....	60
Offshore Competition.....	61
Increased M&A Activity.....	61
CP/CM E-Commerce Activity.....	62
We Expect E-Commerce Volumes to Increase.....	62
E-Commerce .....	63
Shortening Product Lifecycles.....	64
Stealth Brands.....	64
Food / CPG Consolidation and Growth.....	64
The Era of Upstream Sustainability .....	65
Labor Cost Differentials and Shortages .....	66
CP/CMs and Organized Labor.....	67
Margin Pressure Intensifying.....	68
<b>8. MERGERS &amp; ACQUISITIONS.....</b>	<b>69</b>
History and Rise of Private Equity in the CP/CM Sector.....	70
Continued High EBITDA Multiples.....	71
<b>9. SPECIAL REPORT: BLAIGE &amp; COMPANY .....</b>	<b>72</b>
Introduction .....	73
1. M&A Activity in CP/CM .....	75
Rapid Growth in CP/CM M&A.....	75
Figure I Plastic Packaging & CP/CM Deal Activity More than Doubled in Last 19 years.....	75
Figure III Fastest Growth in BRIC Geographies in Plastic and CP/CM.....	76
Significant International Involvement Fuels CP/CM M&A Growth in BRIC Geographies .....	76
Figure IIII Strategic Motivations Drive.....	77



# PREVIEW AND TABLE OF CONTENTS

Figure IV Aggressive consolidation Amongst Large Caps Increasing Pressure on Small and Mid-Cap Packaging and CP/CM Companies .....	78
Strategic Motivations Driving CP/CM Consolidation .....	78
Consolidation	
Big Getting Bigger, Widening the “Gap” .....	79
Figure V - U.S. Plastics and CP/CM Processors by Size.....	79
Seller’s Market	
Valuation Multiples at Record Levels.....	80
Figure VI Private Equity Buyout Purchase Price Multiples (EV/EBITDA).....	81
Figure VII Private Equity Overhang Soars Since 2001.....	81
II. Headline Deals in CP/CM .....	82
Table I - Ryt-Way Industries / Cloud Packaging .....	82
Table II - Peacock Foods / Hearthside Foods.....	83
Table III - Shearer Foods.....	83
Table IV - Other CP/CM deals.....	84
III. Valuation of CP/CM Companies .....	85
Figure IIX - Enterprise Value to Revenue Multiple Purchase Price Multiples (EV/EBITDA) .....	85
Figure IX - Enterprise Value to EBITDA Multiple.....	86
IV. Pros and Cons of Strategic versus Financial Buyers.....	87
Table III - Four Financial Buyer/Investor Options .....	87
Table IV - Four Strategic Buyer/Investor Options.....	87
V. How to Sell Your CP/CM Business .....	88
A. HOW TO MAXIMIZE VALUE PRIOR TO CP/CM TRANSACTION.....	88
1. Start Early: Establish a Five-Year plan.....	88
2. Implement Actions to Create the Most Appeal to Potential Investors .....	89
Maintain the Core Infrastructure .....	89
Invest to Accommodate Capacity Required Over Next Two Years .....	89
Invest in Technology Systems .....	89
Establish Solid “Metrics” to Operate the Business .....	89
Clearly Define Your CP/CM Niche and Your Competitive Position in That Niche .....	89

# PREVIEW AND TABLE OF CONTENTS

Minimize CP/CM Customer and Supplier Concentration .....	90
Document Your Relationships with Each Customer .....	90
3. Capture Value Typically Realized by CP/CM Buyers .....	90
3.1 - Internal Liquidity and Efficiency .....	90
Aggressively Manage Working Capital .....	90
Real Estate .....	90
Unload Marginal Operations .....	91
Pay Down a Debt .....	91
3.2 - Future CP/CM Acquisition Opportunities .....	91
B. HOW TO MAXIMIZE VALUE DURING CP/CM TRANSACTION .....	91
1. Establish and Stick to a Strict Marketing Strategy .....	91
2. Create Competition Via a Highly Orchestrated Process .....	92
Minimize Risk of “Broken Deals” After Letter of Intent (LOI) is Signed .....	92
3. Effective Positioning is Critical .....	92
Professionally Prepared Confidential Memorandum .....	92
Franchise Value Can Far Exceed Financial Value .....	92
4. Do Not Establish An Asking Price .....	93
CONCLUSION .....	93
Figure X - Serious Indications of Interest (Typically 10 Data Points).....	93
1. Globalization Driving Growth .....	94
2. Big, Getting Bigger, Widening “Gap” .....	94
3. CP/CM Seller’s Market - Quality/Size Matter .....	94
4. Lead, Follow, or Get Out of the Way .....	95
Out look for 2020 .....	95
RECOMMENDATION .....	95
<b>10. PRODUCTION NETWORKS, FACILITIES, AND EQUIPMENT .....</b>	<b>96</b>
Headquarters Locations.....	97
Headquarter Locations (US Map) .....	97
Headquarters Density .....	97

# PREVIEW AND TABLE OF CONTENTS

CP/CMs Are National .....	98
Locations Per Company .....	98
Multi-Locations Growth is Strong .....	99
Locations for CP/CM (bar chart) .....	99
Size and Head Count .....	99
Square Foot of Production Space Per Company (bar chart) .....	100
Economies of Scale .....	101
Production Lines per Company .....	101
Number of Manufacturing Lines per Enterprise (bar chart) .....	101
New Production Lines .....	102
Number of Packaging Lines per Enterprise (bar chart) .....	102
Likely Equipment Investments in the Next 24 Months (bar chart) .....	103
Equipment Investments by Packaging Format .....	103
Equipment Selection Criteria .....	103
Production Output / ROI .....	104
Serviceability / Ease of Use .....	104
Operational / Overhead Costs .....	104
Reliability / Versatility .....	105
Other .....	105
Equipment Sourcing Challenges Faced by Contract Packagers .....	105
Lack of Timely Service .....	105
<b>11. CP/CM VALUE CYCLE .....</b>	<b>106</b>
CP/CM Value Cycle .....	107
Product Life Cycle (flow chart) .....	107
Introduction Phase .....	108
Growth Phase .....	110
Maturity Phase .....	110
Evolving CP/CM Value Cycle .....	111

# PREVIEW AND TABLE OF CONTENTS

<b>12. SELECTED FORMATS AND SERVICES .....</b>	<b>112</b>
Select Packaging Services.....	113
Overlapping Categories.....	113
Packaging Formats .....	114
Liquid Filling / Packaging .....	114
Flexible Packaging.....	114
Stand-Up Pouch Growth .....	114
Bagging Pouching .....	115
Rigid Packaging .....	116
Clamshell / Blister Packaging .....	116
Core Packaging Services.....	116
Kitting & Assembly.....	116
Wrapping & Bundling.....	117
Cartons & Canisters Filling .....	117
Aseptic Beverage Filling .....	118
Package Design.....	118
Supply Chain Services.....	119
Evolved Services.....	119
Manufacturing Categories.....	119
Value Chain Services .....	120
<b>13. COMPETITIVE LANDSCAPE.....</b>	<b>121</b>
Sources of New Business .....	122
Sources of New Business 2019 vs. 2020 .....	122
The Quadrant Model: Applying the Quadrant Model to CP/CM.....	122
Quadrant Model (chart).....	123
Changes in New Business Trends .....	123
Direct Competitors.....	122
Numbers & Types of Competitors Increasing (chart).....	124
Indirect Competitors .....	124

# PREVIEW AND TABLE OF CONTENTS

Non-Price Factors are Less important than 3 Years Ago (bar chart).....	125
Evolving Customer Preferences.....	125
Customer Internal Capabilities .....	125
Competition Per Project.....	125
Competitors per Project Increased vs. 3 Years Ago (bar chart).....	126
CP/CM Sourcing and Qualifying Tools.....	126
<b>14. CUSTOMERS.....</b>	<b>127</b>
Long-Term Customer Volume .....	128
Customer Concentrations.....	128
Churn Cycle .....	129
Annual Churn Rates (bar chart).....	129
Percent Annual Volume from Long-Term Customers (bar chart).....	130
Customer Engagement Models.....	130
Customer Engagement Preference (pie chart).....	131
Turnkey Engagement .....	131
Tolling Fee.....	132
Cost-Plus .....	132
Customer Buying Criteria.....	132
Landed Cost.....	133
Customer Engagement Purchase Criteria (bar chart).....	133
Quality Safety.....	133
Speed-to-Market.....	133
Ease of Doing Business.....	134
Available Capacity.....	134
Hyperfragmentation.....	134
Customers More Willing to Pay for Superior Quality .....	135
Customers are Willing to Pay for Quality (bar chart).....	135
Customer are Demanding More Vendor Innovation (bar chart).....	135
Customers are Seeking Greater Vendor Innovation.....	136

# PREVIEW AND TABLE OF CONTENTS

Customers Would Like to Reduce Number of Vendors (bar chart) .....	136
Customers Have Reduced Total Number of Vendors (bar chart) .....	137
Customers Moving Toward Turnkey Engagement .....	138
Customers Want Fewer Vendors.....	138
Customers Have Reduced Vendors (2 Years) .....	138
The Influence of Procurement Groups Has Increased (bar chart).....	138
Customers Are More Willing to Invest in Projects (bar chart).....	139
Purchasing Department Influence has Increased .....	139
Project Co-Investment .....	139
Customers More Willing to Co-Invest on Major Projects.....	139
Measuring Customer Satisfaction .....	140
<b>15. SUSTAINABILITY .....</b>	<b>141</b>
Major Perception changes since 2017 .....	142
Customer Interest Sustainability Initiatives Have Increased (bar chart).....	142
Drivers .....	143
Two Categories of Initiatives.....	144
Sustainability Practices and Trends .....	144
Sustainability Initiatives 2020 (bar chart) .....	144
Customer Upstream Demands.....	146
The Green Premium.....	146
Future of Sustainability .....	146
<b>16. HUMAN RESOURCES .....</b>	<b>147</b>
Percentage of Employees by Price (bar chart) .....	147
228 Average Headcount for CP/CMs .....	148
Recruiting Practices (bar chart) .....	150
Preferred Hiring Practices in 2020 Labor Market.....	150
Increasing use of Temporary Workers.....	151
The Industry Talent Gap is Worsening .....	152

# PREVIEW AND TABLE OF CONTENTS

Industry Apprentice Programs Would be Beneficial .....	152
Wage Pressure Driving Changes to Customer Agreements (bar chart) .....	153
Wage and Labor Issues Continue to Drive Automation Investments .....	153
<b>17. ENTERPRISE TECHNOLOGY PLATFORMS .....</b>	<b>155</b>
CP/CM vs. All Industries .....	156
Technology Platform Penetration .....	157
Enterprise Resource Planning System (ERP) .....	157
Warehouse Management Systems (WMS).....	157
Transportation Management Systems (TMS).....	158
Manpower Planning Systems .....	158
Customer Relationship Management (CRM) .....	159
Inventory Management Systems .....	160
Marketing Automated Systems .....	160
Integrating with Customers' Technology Platforms .....	160
<b>18. CONCLUSIONS.....</b>	<b>161</b>
<b>19. COMPLIMENTARY ASSESSMENT .....</b>	<b>165</b>
Receive Your Complimentary Assessment.....	166
<b>20. GLOSSARY .....</b>	<b>167</b>
<b>21. INDEX .....</b>	<b>173</b>



CHAPTER

# 01

## INTRODUCTION

2X FASTER THAN THE OVERALL INDUSTRY IT SERVES, THE CP/CM INDUSTRY IS ENTERING ITS THIRD DECADE OF SUSTAINED RAPID GROWTH AND BUSINESS EXPANSION

**CPA**   
THE ASSOCIATION FOR  
CONTRACT PACKAGERS & MANUFACTURERS





## CHAPTER ONE - 2021 SOIR VS. 2018 SOIR

# INTRODUCTION

**T**his 2021 SOIR builds upon the well-received 2018 SOIR. Much of the high-value content in the original report has been retained, updated, and built upon. Industry sizing data has been updated through 2025. Data from previous interviews, new CP/CM interviews, CP/CM customer interviews, PMMI data, plus primary and third-party research have been combined to create what the authors believe is a detailed insider's view of the CP/CM industry.

## THE ASSOCIATION OF CONTRACT PACKAGERS AND MANUFACTURERS

The Association of Contract Packagers and Manufacturers (CPA) is the national, nonprofit trade organization for the Contract Packaging industry. Formed in 1992 for contract packaging firms and those businesses related to them, the CPA promotes the growth and welfare of member firms through its industry exposure and programs.

CPA members comprise many of the nation's leading contract packagers and contract manufacturers, which perform primary and secondary packaging functions and food/CPG manufacturing, from the simplest to the most complex and from the glamorous to the hazardous. Our members offer these services to a wide variety of consumer goods companies, and these services range from manual and semi-automatic to full-speed, high-performance packaging lines.

# INTRODUCTION

## CPA'S OBJECTIVES INCLUDE:

- Programs to establish strong ethical standards among contract packagers and their clients
- Increase knowledge and expertise within the contract packaging industry
- Improve the business reputation of firms and the professional image of individuals within the industry
- Encourage the effective use of contract packaging services.

More information on The Association of Contract Packagers and Manufacturers can be found at [contractpackaging.org](http://contractpackaging.org)

## REPORT AUTHOR - CORE REPORT

The 2021 SOIR was designed, researched, compiled, and produced by The Melville Group exclusively for, and with the cooperation of, The Association of Contract Packagers and Manufacturers.

Carl Melville is considered an authority, speaker, advisor, and thought leader in the contract packaging and contract

manufacturing industries. He also serves as an external advisor to the CPA.

The Melville Group is a strategy and communications practice serving contract manufacturers, contract packagers, private label, and supplier networks. The firm conducts industry research, competitive intelligence, and special projects on behalf of private equity firms, industry competitors, industry customers, etc.

With its mission of "Helping Supply Chain Companies Grow," The Melville Group provides client firms and the private equity firms that own them with strategic and tactical services in market research, business development, marketing, enterprise value creation, and earned media.

Carl Melville, the firm's founder, is a 26-year industry veteran, having served in leadership roles for some of the largest and fastest-growing CP/CM companies as well as an external advisor to many more. More information on The Melville Group, their customers and their services can be found at [www.MelvilleGroup.com](http://www.MelvilleGroup.com).



# INTRODUCTION

## SPECIAL REPORT

### MERGERS & ACQUISITIONS

Also included in this edition of the 2021 SOIR is an expanded section on Private Equity/ M&A, authored by Tom Blaige of Blaige & Company. Tom Blaige is an investment banker serving the plastics and packaging industry and a noted expert on M&A trends in the CP/CM space. Tom is also an external advisor to the CPA and provides both buy and sell advisory services in the CP/CM industry. More information on Blaige and Company can be found at [Blaige.com](http://Blaige.com)



## PMMI BUSINESS INTELLIGENCE

Additional content was also provided by PMMI, a strategic CPA partner, through their industry research and publishing group.

## CP/CM INDUSTRY

The food and consumer products Contract Packaging / Contract Manufacturing industry (CP/CM), once a tactical backwater of small, ad hoc, and seasonal service providers to the food and consumer packaged goods companies, has transformed over the last three decades. The CPA has witnessed most of this growth and has documented it in state of the industry reports since 2004.

With the majority of their CP/CM customers in countercyclical businesses, CP/CMs have historically been able to grow even when the economy is sluggish or in retreat. This has enabled year-over-year growth, often in the double-digits since the 1990s.

The CP/CM industry is a multi-billion-dollar sector and a source of innovation, capacity, best practices, and cost savings for large and small food and consumer products

# INTRODUCTION

companies alike. Many of the world's leading brands depend upon CP/CMs for a growing portion of their product portfolios.

The industry also serves tens of thousands of small companies, start-ups, and emerging brands. CP/CMs enable small companies to leverage resources, capacity, and expertise that would otherwise be out of reach. CP/CMs have been a growth driver for emergent brands.

The CP/CM industry continues to consolidate along with the industries it serves. While still highly fractured, we are witnessing emerging platform companies built from multiple acquisitions. We are also seeing those platform companies, often owned by private equity firms, being acquired by other private equity firms, creating ever-larger competitors.

Even the largest of these new PE-backed platform firms are still smaller than the large legacy food and CPG customers they serve. Private equity and other external capital inflows continue transforming the ownership structures and operating scopes of many CP/CM firms. This report includes a special section on industry M&A.

While CP/CM consolidation continues, low barriers to entry (in some portions of the industry) are spawning new competitors.

The customers of these services include most of the major branded Food and CPG companies in North America. Most large branded food companies and all legacy food companies own their production capacity. Despite this, they rely, to an ever-increasing degree, upon CP/CMs to augment those capabilities, increase speed-to-market, flexibility, and landed costs. In addition to major Food and CPG companies, many mid-sized and smaller firms also rely upon these services as their sole production source.

# INTRODUCTION



## FOOD / CPG INDUSTRY DEFINED NAMING CONVENTIONS

Food is frequently considered a component of the overall Consumer Packaged Goods (CPG) industry, accounting for approximately 63% of overall CPG revenue. For purposes of this report, food and non-food products have been categorized separately.

CPG, in this report, applies to all non-food fast-moving consumer packaged goods.

Food applies to packaged or processed food products. This distinction is accepted industry terminology and not unique to this report.

NOTE: Outside of North America, CPG is more commonly referred to as FMCG. (Fast Moving Consumer Goods). In this report, the CPG convention is used.



# INTRODUCTION

## SCOPE AND METHODOLOGY

By combining quantitative and qualitative data, plus in-depth insights from industry leaders, this study goes beyond a typical briefing book or third-party statistical analysis. The report provides the context, background, and perspectives needed by customers, investors, and competitors alike.

## NORTH AMERICAN FOCUS

The 2021 SOIR focuses exclusively on the CP/CMs serving the North American (US and Canada) market. Some CP/CMs do operate internationally. Non-North American operations and revenues were beyond the scope of this report.

## SAMPLE BASE DIVERSITY

The largest participating CP/CM companies reported revenues in the low billions, while the smallest are single-facility operations with one packaging or assembly line. 94% are private companies, 27% of those report as “family-owned” operations.

This report paints a timely, accurate picture of an industry gaining significant relevance in an expanding marketplace, bringing capacity, cost savings, and innovation to the sectors it serves.

Best-in-class providers claim to be capable of producing new, sustainable competitive advantages for their customers.

# INTRODUCTION

## INTENDED AUDIENCES

*Just as previous versions of the SOIR, this report will be of specific interest and value to the criteria and decisions of the following groups.*

- **COMPETITORS**

Gain insights into the trends, drivers, and enablers that are shaping the industry and influencing customer.

- **CUSTOMERS**

Benchmark current providers. Understand how to maximize the value they can provide. Gain a competitive advantage on the shelf. Garner the insights and data necessary to benchmark external providers' capabilities and practices. Position your teams to maximize the value received from external packaging and manufacturing partners.

- **PRIVATE EQUITY INVESTORS**

Go beyond the statistics. Develop criteria and standards for identifying, filtering, and evaluating M&A targets and target sectors.

- **INDIVIDUAL INVESTORS**

Capital is flowing into this sector. Understanding the nature of the business and the evolving climate enables investors to make sound decisions.

- **EQUIPMENT PRODUCERS**

Identify opportunities to add new value. Helping CP/CMs take the maximum value of their

capabilities begins with know more about their business climate. The economics and performance criteria for CP/CMs differ from branded Food and CPG companies. The more one knows about their challenges, practice, and concerns, the better they can position new offerings to create compelling and unique value propositions.

- **TECHNOLOGY COMPANIES**

The CP/CM industry, long a technological laggard, is investing heavily in technology solutions across the enterprise. Enterprise platforms such as ERP, WMS, HRIS, and CRM are growing at double-digit rates. Technology providers seeking to position their offerings and messages for the concerns of this market can better prepare with the information provided in this report.

- **OTHER SUPPLIERS**

A vast, growing percentage of CP/CM volume is now based on turnkey models, enabling more supplier latitude. Targeting CP/CM buyers begins with understanding their business needs and objectives.

- **INDUSTRY ANALYSTS**

Get insights beyond the numbers. Understand the concerns of customers and providers shaping the industry. Evaluate the influence of the drivers and better predict future outcomes.

- **INDUSTRY THOUGHT LEADERS**

Individuals and organizations, including analysts, consultants, media, and others will gain valuable insights into the CP/CM industry. ■

ORDER YOUR  
STATE OF THE INDUSTRY  
REPORT AT  
[CONTRACTPACKAGING.ORG](http://CONTRACTPACKAGING.ORG)  
OUR CPA STORE

## CPA COPYRIGHT

No part of this document may be used or reprinted in other studies, surveys, or proprietary research and analysis, nor for any advertising or promotional materials, minus the written consent of The Association of Contract Packagers and Manufacturers. No part of this publication may be reproduced in any form nor by any means — electronic or mechanical, including photocopying — without permission in writing from The Association of Contract Packagers and Manufacturers. Statements of fact or opinion are made on the responsibility of the author and do not imply an opinion or endorsement on the part of the CPA, its officers, or its membership. This document is edited in Associated Press style, with the exception of numeric and percentage style conventions done for visual expedience.

© 2021 The Association of Contract Packagers and Manufacturers

### THE ASSOCIATION OF CONTRACT PACKAGERS AND MANUFACTURERS

12930 Worldgate Drive, Suite 200, Herndon, VA 20170 USA | Tel: 571-287-6818 | Email: [info@contractpackaging.org](mailto:info@contractpackaging.org)

[www.contractpackaging.org](http://www.contractpackaging.org)