An Overview of the Flexible Packaging Industry

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Flexible Packaging Defined

- **Flexible Packaging**: A package or container made of flexible or easily yielding materials that, when filled or closed, can be readily changed in shape. The construction may be of paper, plastic film, foil or any combination of these. Includes rollstock, bags, pouches, labels/wraps, lidding, shrink sleeves and stretch film.
Flexible Packaging has been one of the fastest growing segments of the overall packaging industry.

U.S. FLEXIBLE PACKAGING SHIPMENTS

($ in Billions)

1996 17.0
1997 17.5
1998 18.3
1999 18.9
2000 19.3
2001 20.0
2002 21.2
2003 22.4
GROWTH OF INDUSTRY

Growth in the flexible packaging market has been driven by an expanding economy and a shift from rigid packaging to flexible packaging alternatives. Flexible packaging has taken market share from rigid packaging as a result of a number of factors, including:

- Advances in Technology
- Lower Costs and Lower Material Consumption
- Advantages of Paper, Film and Aluminum Foil

INDUSTRY TOP 9

1. Alcan Pkg.
2. Sealed Air Corp
3. Bemis Co.
4. Aloca Flexible
5. Printpack
6. Sonoco
7. Exopack
8. Bryce Corp.
American Packaging is the 2nd Largest Privately Held Company in the U. S.

$175MM Sales
500 Employees

3 Plant locations:
- Columbus, WI
- Rochester, NY
- Story City, IA

Multiple Sales Offices

Major Accounts
Types of Printing Processes

The majority of flexible packaging is printed using either the rotogravure or the flexographic printing process but lithography is occasionally used.

1.) Flexography (63% of market)*
2.) Rotogravure (30% of market)*

There are, of course, other printing methods such as screen, electronic, letter press, etc., but the afore mentioned processes dominate the flexible packaging printing industry today.


ROTOGRAVURE

Advantages

- Fine graphics reproduction capabilities
- Cylinders can be used for press runs in excess of millions of feet/impressions
- High degree of consistency throughout press run
- Prints a number of substrates such as paper, film, foil,
- Relatively simple mechanical features
ROTogravure

Disadvantages
- High prepress costs
- High engraving / cylinder costs
- Process used for long runs
- Many gravure printers continue to rest on being “the process of choice” while ignoring the erosion of their market.

FLEXOGRAphY

Advantages
- Very good process and line print quality
- Less expensive plate costs than rotogravure cylinders
- Excellent print registration
- Fast turn-around time for plates and finished product
- Can be used with a wide variety of inks, including water-based, solvent-based and UV curable
FLEXOGRAPHY

Disadvantages

• Larger color-to-color traps than offset rotogravure
• Requirement of a small plate gap
• Barcode orientation and size

Threats Facing Gravure

- Flexography
  - Flexo industry has done a remarkable job of “selling” the benefits of their process.
  - Flexo industry has improved their process over the years making it harder for gravure to claim superior print quality and consistency.
  - A perception throughout the packaging world that Flexo is lower in price. Gravure needs to “attack” its cost structure and market its benefits.
Vision for Gravure

- Build a long term strategic plan to insure competitiveness and profitability.
- Gravure is still the most consistent and has the sharpest print quality.
- Need to deliver benefits of gravure at a price that meets other options.

Career Opportunity

- Growing industry
- Always changing technology
- Items you use every day
- Technology oriented – need a degree in this field to be considered a viable candidate