

PLASTICS CUSTOM RESEARCH SERVICES

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**THE NORTH AMERICAN ROTATIONAL MOLDING BUSINESS:
TRENDS INFLUENCING STRATEGIES FOR FUTURE GROWTH**

Rotational molding is a fascinating process capable of cost-effectively producing seamless hollow parts of varying size and complexity. Thus rotomolders get involved producing a vast assortment of component parts and final products on either a custom, proprietary or captive basis. Broadly defined the market space they operate in encompasses all consumer and industrial durable goods manufacturing industries. U.S., Canadian and Mexican rotomolders compete among themselves, and they also compete with alternative structural plastic part processors – composite materials processors, industrial blow molders, industrial thermoformers, and injection molders. The value of the market space rotomolders and all these other processors compete in exceeds \$70 billion.

PCRS has been tracking developments in the North American rotational molding business for over two decades. We have published reports on this business roughly every three years since 1995. In this new report we take a look back and a look forward. We bring together data relating to important trends in the nature of the business as well as in the machinery, molds and plastic materials used over the period 1995-2015. We then provide insights relating to current conditions drawn from a new survey of rotomolding officials in this region. The objective of the survey was to gain some perspective from decision-making officials as to the rationale for past trends and their relevance for the future. In some cases these officials deemed it reasonable to extrapolate past trends forward. In other cases they foresee the future course of the rotomolding business differing from that of the past.

One of the key trends studied – as always - is the growth of the business. North American rotomolders enjoyed fairly consistent growth in the 1990s and through the 2000s. The Great Recession of 2009 interrupted that growth trajectory. However, rotomolders recovered from this setback better than the alternative structural plastic part processors. Over the whole period 1994-2014 average annual growth in rotomolders' sales was 5.4%. That would suggest real growth of the order of 3.0-3.5% allowing for price changes. The companies in our survey experienced average sales growth of 3.7% in 2015. And - rather remarkably – the average annual sales growth projected out to 2020 by these officials is 5.4% once again. By that year the value of the regional rotomolding business will be \$4.9 billion.

At this point in early 2016 there is concern that economic growth in this region and around the world is slowing down. A minor recession may even be possible. However, one of the key insights offered by our survey respondents is there is normally a weak correlation between macroeconomic growth and rotomolder sales performance. These are in the main small- to mid-sized companies with entrepreneurial management. For them the key to growth is gaining a few new part programs of their own, from their existing customer base or from new customers. That allows them to prosper in good times and bad.

Along with the opportunities to address new applications and markets there are challenges to be faced. The rotomolding process is labor-intensive, so ways must be sought to continually raise labor productivity. The resin menu is limited compared to those of alternative structural part processors, so it is incumbent on the rotomolding community to pool resources to develop new rotomoldable engineering resins and grades. Customers are demanding more value-adding secondary operations, and physical part prototyping is giving way to 3D printing to speed time to market. Rotomolders have diversified the

markets they serve. Going forward they need to diversify their processing methods as well in order to compete more effectively in the consumer and industrial durable good markets of the future.

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ABOUT THE AUTHOR

Dr. Peter J. Mooney is the founder and president of Plastics Custom Research Services (PCRS). Dr. Mooney holds a Ph.D. in economics from the University of North Carolina at Chapel Hill, and he has covered the plastics industry as a technical/economic market research analyst and consultant since 1981. He is a member of several plastics industry associations including the Society of the Plastics Industry (SPI) and the Society of Plastics Engineers (SPE). He is also a member of the National Association of Business Economists (NABE). Since 2008 he has served as secretary and assistant newsletter editor on the board of directors for the SPE Rotational Molding Division (RMD). He has researched and written over 100 multi-client reports, as well as over 100 single-client reports for domestic and global companies. In addition he has organized, chaired and made presentations to numerous domestic and global conferences addressing critical issues confronting the domestic and global plastics industry.

ABOUT PLASTICS CUSTOM RESEARCH SERVICES

Plastics Custom Research Services was formed in 1993 in response to the growing demand for accurate and insightful market research tailored to the evolving needs of plastic industry participants. PCRS is able to utilize research methods and contacts developed through three decades of experience in this field - resources that yield cost-effective and timely data and insights of relevance to the product and service offerings of plastics industry customers. These research methods include telephone-based and in-person surveys of key decision-makers in the field as well as hard-copy and electronic searches of trade literature and patents. Research findings, conclusions and recommendations are provided in written and oral reporting formats. PCRS also produces multi-client Plastics Industry Reports dealing with subjects that are part of its core competencies and that have relevance to a wide range of plastics industry operatives.