

Insights from PACK EXPO 2025

The D.A. Davidson MCF International team attended the 2025 Pack Expo conference in Las Vegas on September 29th – October 1st. With over 30,000 attendees and 2,300 company exhibitors displaying the latest technology, the show once again enabled our team to further expand our knowledge of the packaging automation market and its evolving trends. We had numerous discussions with many exhibitors and attendees, with our key takeaways highlighted below.

MARKET EXHIBITING “GREEN SHOOTS” DESPITE QUESTIONS AROUND ECONOMY

While economic uncertainty persists, which have been further made vulnerable by tariffs and changing U.S. policies, many food and beverage industry executives that the D.A. Davidson Industrial Technology team met during the show regularly stated a need to invest in their processing and packaging operations. These sentiments were noted in PMMI’s 2025 Beverage Industry Packaging Trends white paper, where 68% of beverage companies anticipate moderate to significant increases in packaging machinery investments over the next two to three years. Many executives noted that consumers preferences continue to reshape packaging strategies, with a strong emphasis on variety in beverage sizes, flavors, and types. End-user customers are increasingly challenged by high SKU counts, innovative packaging formats, and the need to minimize downtime.

GROWING IMPORTANCE OF SCALABLE SOLUTIONS

Our discussions with end-user companies highlighted the importance of scalable packaging solutions. Ranging from entry-level equipment to fully automated lines, management teams expressed the importance of modular machinery that can adapt to their varying production volumes while managing costs, and accommodate new product lines without overhauling their entire operations. This phased approach allows businesses to start with a less capital-intensive setup and seamlessly upgrade and add components as needed, which reduces long-term risk and ensures that packaging operations remain a driver of growth rather than a limiting bottleneck.

TEST AND INSPECTION REMAINS CRITICAL

Based on our observations and discussions, test and measurement technology continues to increasingly be a fundamental component of modern packaging automation systems, moving beyond their previous status as a luxury. Integrated technologies such as vision systems, smart sensors, and advanced X-ray systems are crucial for continuous quality control, helping to identify defects and ensure product safety, sustainability, and brand reputation.

Throughout the conference, we observed vision systems using advanced AI to inspect for subtle defects, verify fill levels and confirm label placement with high accuracy, dramatically reducing errors and waste. Simultaneously, high-precision X-ray inspection systems identify minute contaminants, ensuring product safety and protecting brand reputation. Our discussions with executives confirmed that this real-time data

enables packaging operations to meet rigorous regulatory standards, optimize processes for efficiency, and ensure that every product delivered is safe and consistent.

CONTINUED EMPHASIS ON SUSTAINABILITY

Throughout the show, we observed new innovations in packaging automation designed to improve overall equipment utilization and reduce waste and energy consumption. In addition to inspection and quality control, systems are utilizing AI for predictive maintenance on wear parts and components to identify and address potential issues before they lead to down-time, material waste, and loss of productivity. Optimization of material usage continues to be a strong focus, illustrated by the growing field of companies providing on-demand, custom-sized boxing solutions to address e-commerce growth and new legislation in the form of Extended Producer Responsibility laws that penalize manufacturers and retailers for packaging waste.

M&A REMAINS A FOCUS

Packaging automation companies continue to utilize mergers and acquisitions as a strategic tool to grow their business, expand their capabilities, and gain a competitive edge in the global market. This wave of consolidation is driven by the need for enhanced operational efficiencies, expanded geographical footprints, and the acquisition of new technologies, particularly in areas like AI and robotics. By acquiring specialized firms, companies can quickly fill gaps in their product portfolio and offer more comprehensive, end-to-end solutions, addressing complex customer demands related to sustainability, speed, and customization. This strategic approach is also helping firms navigate volatile global supply chains and trade uncertainties by establishing a stronger regional presence.

Recent examples of this trend include Massman Companies acquisition of ADCO Manufacturing, which expanded its primary and secondary packaging lines to include cartoning and automation capabilities, as well as ProMach's acquisition of DJS Systems to expand its reach in the disposable food packaging automation sector. While deal activity has been measured over the past 12 months, our discussions and these transactions demonstrate how M&A is being used to build scalable platforms, refine portfolios, and position companies for growth in a dynamic and consolidating market.

If you would like to discuss any of our observations or have any questions, please do not hesitate to reach out to any of our team members. We look forward to connecting with you.

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